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NATIONAL MUNICIPAL LEAGUE

The League's Business

With the League's Members.—Dr. C. A. Dykstra, president of the University of Wisconsin and of the National Municipal League, was Phi Beta Kappa orator at the recent commencement exercises at Hobart and William Smith Colleges in Geneva, New York. President Dykstra's topic was democracy. He stated that democracy was to be achieved and maintained only by a careful program of education and by assuring the economic base of democracy—"widespread distribution of property and spending power and a decent way of existence for all." Following the address Dr. Dykstra was awarded the honorary degree of Doctor of Humane Letters.

Hon. Murray Seasongood, former mayor of Cincinnati and past president of the League, now one of its honorary vice-presidents, gave a most interesting address before the Cincinnati Literary Club on "The Second International Congress of Comparative Law," whose sessions he attended at The Hague. The address was published in the March, 1938, issue of the *Law Library Journal.*

President Harold W. Dodds of Princeton University, former president of the League, recently addressed the Temple and Pennsylvania University chapters of Pi Gamma Mu, national honorary social science fraternity, in Philadelphia. At the close of his address Dr. Dodds was presented with an honorary membership key.

Former Governor John G. Winant of New Hampshire, a member of the League's council, was elected director of the International Labor Office at Geneva on June 4th. Mr. Winant succeeds Harold B. Butler, who has resigned, to take effect the beginning of the year.

Dr. Alonzo G. Grace, a director of the Citizens' Council Section of the League, has recently resigned from the faculty of the University of Rochester to accept an appointment as Connecticut's new state commissioner of education. Dr. Grace is well qualified for his new position. In addition to his experience in the teaching field, he has been director of education in Cleveland, consultant for the United States Office of Education during the 1928 survey of the Buffalo school system, and more recently a member of the Monroe County, New York, charter commission, serving as chairman of two sub-committees and as a member of the commission's drafting committee.

HOWARD P. JONES, *Secretary*

Letters to the Editor

To the Editor of the NATIONAL MUNICIPAL REVIEW:

Most of our tax burdens are due to a multiplicity of governmental units (a total of 266,000 in U. S. A.). It is to be hoped that the constitutional convention will propose a basis for a modernized system, under which antiquated county government will be abolished and a simplified, single, centralized governmental unit established for each community or area having 100,000 population or more and replacing all present town, village, city, school, and other units, thereby obviating needless taxes, resulting from duplication of public agencies and overlapping and conflicting jurisdictions. Such single unit should consist of an elected mayor and a board of supervisors chosen by an election method which will insure minority representation to the various groups of citizens from the community as a whole rather than on a basis of mere geographical division since the entire area of such a community can now be covered in a fifteen-minute motor drive.

Our democracy can be made more workable and more effective if public attention can be focused on a few elective representatives acting in one unicameral body for the state and in one single governing body for each local community. In harmony with sound principles of government only legislative or policy-determining officials should be elective, all others should be appointed.

The state legislature should be composed of all mayors and a group of senators chosen from the state at large under a plan of proportional representation which would permit each voter to cast his vote for, say, three or five candidates, with provision that all candidates receiving 10 per cent or more of the total vote in the state would be declared elected regardless of the number. This plan would secure representation to all large groups of citizens on the basis of various divisions of public opinion instead of by the old method of territorial divisions. A simplified plan of government coupled with a percentage basis of representation would make it less difficult to elect candidates who have convictions, scholarly attainments, and independence of thought.

SAMUEL A. CARLSON

Mayor Emeritus of Jamestown, New York

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Editorial Comment

June, 1938

Paying for the Past

IT HAS been repeatedly insisted in these columns that the problem of high real estate taxes is in reality not a tax problem at all, but a debt problem. When it is recalled that the average municipality in New York State—a state in which there was not recorded a single municipal default during the depression—spends approximately 50 per cent of its budget for debt service, it may be seen that solution of the local debt problem would to all practical purposes solve the tax problem.

Yet, even after eight depression years, we are apparently making few strides toward an answer to this question. The indebtedness of municipalities, the compilation of the Detroit Bureau of Governmental Research in this issue indicates, has decreased very little during the last year.

Probably the keenest thinking on this problem at the present time is being done in connection with the New York State Constitutional Convention, as reported in the article in this issue by Dr. Paul Studenski. Various proposals have been made, with an eye to keeping debt within reasonable limits. Most of them stem from the valiant stroke in behalf of the pay-as-you-go system made in New York City's new charter, whereby the largest city in the world goes gradually on a pay-as-you-go basis over a period of fifty years.

One proposal would write into the constitution an over-all debt limit of 10 per cent of the full value of property. While this would certainly keep the ratio of debt to property value within reasonable bounds, it is a drastic reduction of present debt limits. Many municipal situations in New York State would be over this percentage and the provision would take care of them by requiring them to retire in any year in which new indebtedness were to be incurred substantially more than the amount of the new debt.

There are many difficulties involved in the application of an over-all debt limit of this kind. What is to happen as the over-all limit is approached? Is the school district in need of a new school to be favored at the expense of a city in need of a new city hall or a county in need of a new court house?

Several suggestions have been made to take care of the problems arising under administration. One is that a municipal finance commission be established with power to approve or disapprove bond issues over the limit. Another is that such commission be given power to approve or disapprove within a certain specified range but that there be written into the constitution an absolute top limit. Another would put brakes on the process of incurring debt as the debt limit were approached, through requirements of debt retirement as new debt is incurred. Under this latter plan, the over-all debt limit would thus actually never be reached.

All these are evidences of sound thinking, though no one of them may turn out to be the perfect solution. In any event, it seems reasonable to assume

that the citizen and taxpayer, supplied with adequate machinery of budgetary control, will be able to translate his will into governmental action, provided he has the opportunity so to do. His will may be in the direction of less governmental service and lower taxes or more governmental service and more taxes. But in any budget of which 50 per cent is dedicated to debt service before a cent may go for current operations of the government, there is no opportunity for the taxpayer to translate his will into public action. The tax rate is already so high he is unlikely to want to pay the cost of additional services. He may want to reduce the cost of government but of this there is no chance. The government budget has gone out of control, paying for the past.

Relief Runs into Tax Limitation

AFTER nearly eight years of wrestling with the unemployment relief problem, Ohio cities are again in desperate straits. Their plight is not only an illustration of the fact that we have not yet solved the biggest problem before our generation—that of unemployment relief—but also a dramatic example of the helplessness of Ohio municipalities under constitutional tax limitation.

In Cleveland, Ohio, the mayor has pledged that 25,000 families on home relief somehow would be saved from starvation. Already the city is two weeks behind in its payroll in the attempt to meet relief requirements. The Ohio legislature is now in special session trying to do something about the situation.

Ohio cities have home rule—in theory. They can draft their own charters, adopt any form of government that suits them, administer their functions as they choose. But they haven't the legal power to meet a situation in which members of their community are starving! They are not permitted to raise enough money out of the real estate tax to carry on the functions of government they wish to carry on. Home rule becomes a mockery because Ohio cities lack the power to raise sufficient revenue.

Trained Followership

OFFICEHOLDERS who retire into bitter seclusion when they are unwillingly separated from the public payroll are plentiful. It is therefore refreshing to find one who voluntarily steps down because he recognizes the great need for "trained followership" among the public.

When Town Clerk Walter R. Marvin recently announced his decision not to be a candidate to succeed himself in the town of Mamaroneck in the nation's richest county of Westchester, New York, he said:

> It is in the public interest that there be among the residents of a community a sizeable nucleus of those who have held office in the past and who will continue to maintain civic interest after stepping down. It is in the interest of the officeholder himself that he not get the idea he has an inherent right to any particular position.

While there is food for thought in these words, it might be well to accept them with the reservation that the idea should not be applied to career men in the public service, of which this country and all its governmental subdivisions need more, not less. But who will say that citizens' organizations, devoted to gaining improvements in their own governments, would not profit immeasurably by having a plentiful sprinkling of former mayors, former councilmen, former members of boards and commissions who could, if they would step back into the ranks and still retain their interest, be invaluable in promoting the development of sound public opinion and citizen action?

Resources and Debts of the Forty-eight States

Lack of uniformity in the state-local debt loads stresses the need for a comparative study of this basic element of fiscal policy and public credit.

EDNA TRULL

Municipal Service Department, Dun & Bradstreet, Inc.

PLUTOCRATIC John Doe may owe a million dollars and have ample resources for payment, while his impecunious neighbor, Dick Roe, wages a futile struggle with the five-thousand-dollar mortgage on his home. The latter is the heavier debt when measured in terms of capacity to pay.

Public debtors, no less than private debtors, can become involved in disparities of resources. What one community can afford to borrow for with impunity may be a gross extravagance for another. That the nation's wealth is far from finding even distribution over its expansive area or among its populace is a routine fact, but the national unity of the states often tends to obscure the extent of their wealth inequalities. Per capita debts, therefore, may be injudiciously overworked for comparative purposes, instead of being accepted merely as conveniences for reducing astronomical figures to intelligible proportions.

That time-honored measure of the weight of public debt—assessed valuation—has too many inadequacies and uncertainties to stand by itself as a standard. Among them are the varying bases of assessment from state to state both in relation to full value and the categories of property included, the uneven quality of assessing, and the fact that the general property tax is only one of numerous sources of revenue for the payment of debt. It needs to be bolstered, therefore, by standards that are more accurately comparative and are more inclusively reflective of debt-paying ability.

If economic debt-paying capacity could be measured precisely, the analysis of public credit would advance notably toward the realms of exact science. The study on which this article is based[1] makes no claims to results attaining any such precision, but offers experimentally what is believed to be a more practical and accurate index than assessed valuation of the relative debt-paying abilities of the forty-eight states. The measurement standard evolved, it should be emphasized, is not absolute but relative, and therefore is applicable to comparison of debt loads rather than to determination of the maximum limit to which a state may safely borrow.

The choice of measurement standards is somewhat circumscribed by availability. It must be limited to those which are of fairly recent date, which are recurrently available at not too long intervals, and which can be shown to be particularly and directly applicable to the purpose. Rather extensive experimentation suggests the combination of seven factors as setting forth most satisfactorily on a comparative basis the debt-paying resources of the states. They are only partially wealth-measuring standards, as they have been chosen also with a regard to the types of state debt and to the sources of revenue now available for payment.

[1]See the author's *Resources and Debts of the Forty-Eight States,* Dun and Bradstreet, Inc., 1937.

PER CAPITA DEBTS AND DEBT LOAD RATIOS, 1937
FORTY-EIGHT STATES

	State Net Tax-Supported Debt Per Capita	*State and Local Net Tax-Supported Debt Per Capita*	*Weighted Index Of Debt-Paying Capacity*	*Ratio of Over-all Debt to Index*
Alabama	$25.52	$ 61.78	585	10.56%
Arizona	.46	108.56	1546	7.02
Arkansas	77.44	103.83	551	18.84
California	18.20	139.49	2689	5.18
Colorado	27.08	85.46	1587	5.38
Connecticut	. . . .	78.90	2553	3.09
Delaware	11.92	85.20	2109	4.04
Florida	. . . .	274.05	1236	22.17
Georgia	8.78	26.62	790	3.37
Idaho	3.28	76.06	1285	5.92
Illinois	25.89	106.81	1812	5.89
Indiana	1.16	46.79	1308	3.58
Iowa	2.59	80.25	1384	5.80
Kansas	11.39	61.73	1306	4.73
Kentucky	.86	30.66	782	3.92
Louisiana	53.32	144.42	864	16.71
Maine	31.77	59.31	1588	3.73
Maryland	28.84	130.81	2135	6.13
Massachusetts	6.53	79.08	2557	3.09
Michigan	5.49	117.45	1655	7.10
Minnesota	46.53	120.00	1651	7.27
Mississippi	23.42	84.77	467	18.15
Missouri	30.31	83.26	1366	6.09
Montana	17.45	79.75	1808	4.41
Nebraska	. . . .	49.85	1364	3.65
Nevada	7.25	57.25	2603	2.20
New Hampshire	19.83	52.69	1894	2.78
New Jersey	22.02	200.03	2138	9.35
New Mexico	39.49	100.44	1087	9.24
New York	41.55	266.06	2845	9.35
North Carolina	39.33	122.78	718	17.10
North Dakota	31.44	67.06	1069	6.27
Ohio	.83	93.03	1677	5.55
Oklahoma	4.72	49.40	911	5.42
Oregon	29.50	129.45	1675	7.73
Pennsylvania	11.80	109.24	1762	6.20
Rhode Island	41.05	151.18	2416	6.26
South Carolina	23.40	66.90	613	10.91
South Dakota	53.35	95.25	1100	8.66
Tennessee	40.22	104.82	822	12.75
Texas	2.79	100.16	1193	8.39
Utah	6.27	58.64	1349	4.35
Vermont	20.63	51.94	1583	3.28
Virginia	6.61	49.60	1111	4.46
Washington	7.83	89.48	1794	4.99
West Virginia	41.81	68.08	920	7.40
Wisconsin	.40	51.87	1676	3.09
Wyoming	13.30	127.60	1901	6.71

These seven economic indices have been made the components of a weighted index of what may fairly be referred to as debt-paying capacity. This index may be described as the sum of the percentages of the median for each of the individual series, weighted in accordance with the importance of the components. The method employed is a relatively simple one. More complicated, and perhaps more orthodox, methods have been discarded as not suited to creating from the material available the type of index desired.

ECONOMIC INDICES USED

The seven factors employed may be described briefly, as follows.

Percentage of population making federal income tax returns. This factor takes no account of the size of the tax paid, but concerns itself with the diffusion of taxpaying capacity. It shows comparatively for the states the degree of minimum well-being which exists for their populations and presents a reasonably clear picture of the general level of wealth. It does tend, however, to underestimate the economic level of the more purely agricultural states, where a considerable portion of subsistence is not reflected in money income.

Income tax returns over five thousand dollars. Supplementing the first factor, this index takes account of taxpaying potentialities arising from the presence of larger than minimum taxable income and allows a reasonable degree of weight to be given to concentrations of wealth.

Retail sales per capita. A community's spending practice goes far in reflecting its spending power—its liquid resources and the living standard of its people. Retail sales afford an excellent basis for a general classification of the states, and become a very practical index of paying capacity in the many states which have adopted sales taxes. They are particularly useful in reflecting the non-resident contributions to the resources of those states extensively engaged in entertaining visitors, but are less satisfactory in highly rural states.

Gasoline consumption per capita. The universal use by the states of gasoline and motor vehicle taxes and the fact that 45.4 per cent of outstanding state debt is highway debt suggest the importance of some index in this field as a measure of debt-paying capacity. Gasoline consumption per capita has been selected as a measure of a state's potential ability to secure revenues from this source.

Motor vehicles per one thousand population. Motor vehicle ownership is used as an index to supplement and balance that of gasoline consumption. Neither, used exclusively, is satisfactory, as such factors need to be given consideration as variation in mileage per car from state to state and consumption of gasoline by out-of-state cars.

Estimated taxable property value per capita. While the general property tax has come to occupy a minor position in the tax system of the states, it still remains the most formidable source of local revenues. The general property tax base, therefore, cannot be ignored in any appraisal of debt-paying capacity. In order to secure greater comparability, an effort has been made to adjust assessed valuation statistics to full value —though the results are estimates for which no claim of accuracy is made.

Savings deposits per capita. Savings deposits are more an indication of a state's liquid assets than of income or wealth. They demand consideration as an index of debt-paying capacity, however, because they reflect thriftiness and constitute a cash reserve which may be called upon, if necessary, for meeting tax or other obligations.

The significance of these seven factors in reflecting the wide range of debt-paying resources among the states is brought out in the following table, which

RANGE IN INDICES OF DEBT-PAYING CAPACITY

	Median	*High*	*Low*
Percentage of population making income tax returns, 1936	2.75	6.72 N. Y.	0.69 Miss.
Income tax returns over $5000 per 100,000 population, 1935	209	733 N. Y.	53 Miss.
Retail sales per capita, 1935	$261	$432 Nev.	$88 Miss.
Gasoline consumption per capita, 1936 (gals.)	165	328 Nev.	69 Ala.
Motor vehicles per 1000 population, 1936	232	385 Nev.	102 Miss.
Estimated taxable property value per capita, 1936	$1375	$2460 Nev.	$452 Miss.
Savings deposits per capita, 1936	$81	$583 Mass.	$15 S. C.

shows, for each factor, the state median and the relation which exists between the high and low state.

The weighted index of debt-paying capacity, a composite of the seven factors which have been outlined, permits a ranking of the states and also provides a base for comparative evaluation of their debt loads.

Significant in reflecting the wide disparity in the debt-paying resources of the states is the fact that the first ranking state, New York, shows more than six times the ability of the forty-eighth ranking state, Mississippi.

Among the first twelve states, those along the north Atlantic seaboard predominate. This group comprehends all of the New England states except Maine and Vermont and includes New York, New Jersey, Delaware, and Maryland; skips westward to include Illinois and moves far west to take in California, Nevada, and Wyoming.

Some of the heavily industrial states, such as Illinois, Pennsylvania, Michigan, and Ohio, are probably ranked below their normal positions. This arises from the fact that retail sales and income tax components are based on figures for 1935 which still disclosed something of these states' abnormally reduced economic status in the depression.

How debt burdened, comparatively, are the states? This question may be answered when their combined direct and local debts are related to economic ability to pay. The answer has been essayed by relating the per capita, net, tax-supported debts, state and estimated local, to the respective indices of debt-paying capacity. The accompanying table gives, for each state, its index of debt-paying capacity, its per capita, direct, net, tax-supported debt, its estimated direct and local net tax-supported debt, and the ratio of this over-all debt to the index—its debt-load ratio.[2] Charts I and II, considered comparatively, illustrate the effect of varying resources on the burden of debt. The former depicts the state and local, net, tax-supported debts on a per capita basis; the latter, showing their ratios to the index, reflects the weight of the debt obligation.

It may well be stressed, at this point, that the maximum amount of debt which a community can support is an unknown quantity. Heavily indebted areas have accumulated their obligations so recently that there has been no test of long-term capacity to pay. The experience of the depression, however, has suggested that the present average state and local debt load is not a too conservative standard for safety in borrowing.

The debt load ratios permit the determination of the relationship which the over-all debt load of each state bears to the average, or median, and to the other states. The states with ratios falling close to the median constitute the normally indebted units on the basis of the present general level of borrowing. As the debt load ratios drop below the

[2]Per capita state debts and per capita local debts, partly estimated, are taken from the author's *Resources and Debts of the Forty-Eight States, 1937*. The figures are for net, tax-supported debt, after deduction of all self-supported debt of revenue-producing enterprises.

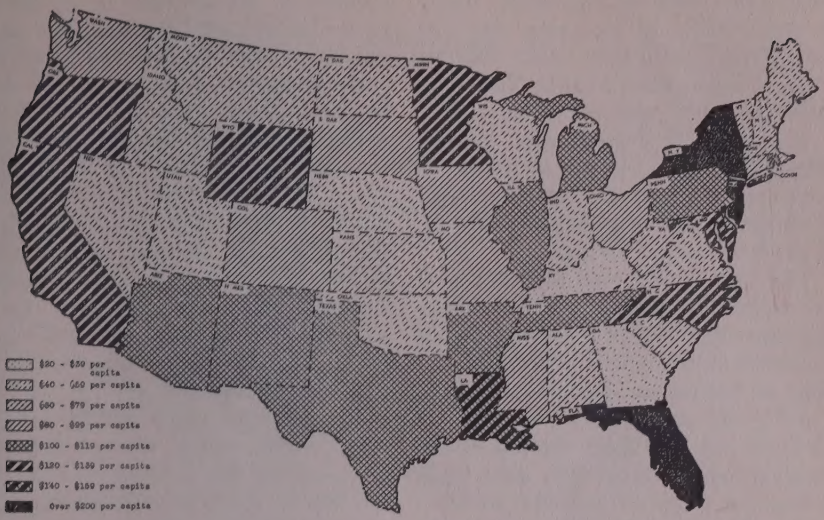

$20 - $39 per capita
$40 - $59 per capita
$60 - $79 per capita
$80 - $99 per capita
$100 - $119 per capita
$120 - $139 per capita
$140 - $159 per capita
Over $200 per capita

CHART I

State and Local Net Tax-supported Debts Per Capita, 1936-37

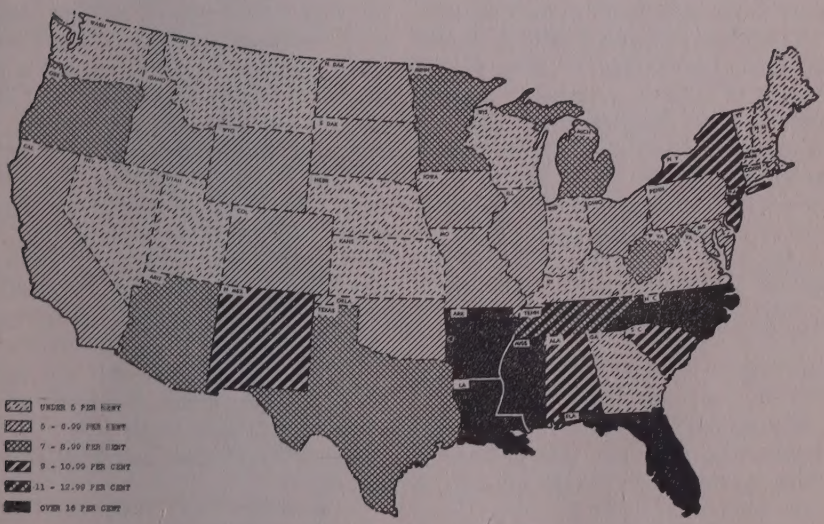


CHART II

Ratio of State and Local Net Tax-supported Debt to Index of Debt-paying Capacity

median they indicate increasingly greater conservatism in borrowing, while as they move upward they reflect progressively heavier than average drafts on resources for the support of debt.

The range in over-all debt load is startlingly wide. Florida, at the upper extreme, is ten times as heavily indebted in relation to paying capacity as Nevada, at the lower end of the scale.

The median debt load ratio (over-all per capita debt related to index of paying capacity) is 6 per cent. Roughly one-third of the states fall within one point of this figure. Twelve states have a debt load two thirds or less of the median. At the upper end, however, there are three states with debt loads over three times the median and two with more than twice the average debt load.

This type of analysis suggests the pitfalls in relying on simple debt statistics to convey the facts regarding the weight of the debt. States with similar per capita over-all debts may be far apart in the debt loads which they support, while states with widely divergent per capita debts may be close in the relation of debt to resources. This is evident from comparison of the two maps and is emphasized by the following selected figures:

	Over-all Per Capita Debt	*Debt Load Per Cent*
Mississippi	$84.77	18.15
Missouri	83.26	6.09
Colorado	85.46	5.38
Delaware	85.20	4.04
New York	266.06	9.35
Alabama	61.78	10.56

The regional distribution of the over-all debt load of the states, brought clearly to the eye in the second map, is significant. Conspicuous is the almost solid block of southern and west south central states which is carrying the nation's highest state and local debt burden. Of the states south of the Missouri-Kentucky-Virginia line, only Georgia has avoided an abnormally heavy debt load. New England stands out as the most conservatively indebted region, with the relatively high burdens of New York and New Jersey a marked contrast. East and west north central states carry normal to conservative debt loads except for South Dakota, Michigan, and Minnesota. Texas, in the southwest, rises above average as does New Mexico, and to a less extent Arizona, among the mountain states. On the Pacific coast only Oregon diverges from conservatism, and it not markedly.

The conspicuous lack of uniformity in the state-local debt loads of the forty-eight states stresses the need for comparative study of this basic element of fiscal policy and public credit. The fact that since 1930 the debts of seven of the twelve most heavily indebted states have continued to rise is evidence that credit reserves in some areas are not only being depleted but may be in danger of exhaustion. It is reassuring, on the other hand, that public borrowing in many states still maintains a conservative relationship to resources for payment, thus providing ample margin for both normal and emergency needs of the future. In view of the marked divergences in borrowing trends and policies, however, it may be urged that a more universal knowledge and application of safe credit standards would contribute notably to the future financial stability of state and local governments.

Constitutional Limitation on Local Indebtedness in New York State

Many proposals relating to debt limit provisions in state's basic law presented to the constitutional convention now meeting in Albany.

PAUL STUDENSKI
New York University

A NUMBER of proposals for the modification of the existing constitutional limitations on local indebtedness in the State of New York are being considered by the State Constitutional Convention which is meeting in Albany at this moment. Among these proposals the following are especially important: (1) to stabilize the local debt limits; (2) to exempt debt of revenue-producing undertakings to the extent to which the revenues earned, after meeting operating expenses, cover debt charges; (3) to exempt unconditionally from the debt limit a certain amount of bonds for the acquisition by the city of the properties of the transit companies; (4) to exempt from the debt limit bonds issued for housing purposes; (5) to facilitate the introduction of the pay-as-you-go method of financing capital outlays by extending the constitutional tax limit; and (6) to reduce the debt limit for counties.

The constitutional debt limit in this state applies only to cities and counties and is fixed, as in many other states, at 10 per cent of the last assessed valuations of real estate. It has been apparent to students of municipal finance in this state for some time that such a debt limit is far too susceptible to the influences of the business cycle; that it expands too rapidly during periods of prosperity and contracts too rapidly during periods of depression, and should be modified so as to become more stable. The very simple idea has been hit upon of basing the debt limit not on the assessed valuations of the last assessment date, but on the average assessed valuations of the preceding five years or so. A debt limit so computed, it is said, would not expand as rapidly during the periods of prosperity, nor shrink as rapidly during periods of depression, as one computed under the existing plan. It would check an overrapid growth of debt during periods of a boom and prevent an overrapid contraction of debt-incurring power during periods of depression. It would work to conserve municipal credit during periods when it needs to be exercised most.

Graphs I, II, and III show, in the case of a few selected cities, how a debt limit modified in the suggested manner would have operated during the various stages of the business cycle over the past seventeen years or more. It may be seen from these graphs that in the case of New York City, for example, the debt limit would have increased from 1920 to 1930 under the new plan only 88.0 per cent as compared with an actual increase during that period under the existing plan, of 111.0 per cent, and that it would have increased from 1930 to 1935, 15.2 per cent as compared with an actual decrease of 8.5 per cent.

The following arguments have been advanced in favor of the proposed change:

(1) It would tend to check an overrapid expansion in the debt-incurring power of the cities and counties, and an excessive incurrence of debt on their part during periods of good times. It would compel these local governments to finance from taxation a substantial proportion of their improvements during such periods and to follow more conservative policies in their capital outlays. Inasmuch as the tax resources of the local governments are expanding during such period, the financing of a substantial proportion of public improvements from these resources at such times is feasible.

(2) By keeping the indebtedness of these local governments at moderate amounts during periods of good times, the debt limit, altered as proposed, would make it easier for these governments to borrow money for budgetary deficits and for relief and other emergency expenditures during periods of depression. It is exceedingly important that their credit be preserved for such times.

(3) The proposed alteration in the method of computation of the debt limit would prevent an overrapid shrinkage of the debt-incurring power of the local governments concerned during periods of depression. It would thus remove the handicap which now stands in the way of the exercise by them of their credit at such times. It would protect these governments against the possibility, now existing, of their indebtedness suddenly becoming in excess of the debt limit because of a sudden reduction in their assessed valuations of real estate.

Water debt has always been exempted in the State of New York from a constitutional debt limit. It is thought by some people that the prime reason why water debt was exempt from the debt limit from the very outset was the fact that water supply was considered to be a public necessity and that it was desired, therefore, not to place any impediment in the way of the cities financing the construction of water works. Undoubtedly, considerations of this sort must have been in the minds of some of the authors of the constitutional provisions under discussion. Investigations reveal, however, that these ideas were by no means the prime factor in securing an exempt status for water debt. The fact that water supplies were revenue-producing undertakings and imposed no charges or, at best, only slight charges on the taxpayers, was the more important reason for the exclusion of water debt from the debt limit. It was stated that the revenues of the water works were generally sufficient to cover not only the operating expenditures but also to meet the interest and amortization charges on the debt incurred for their construction.

WHAT DEBTS TO BE LIMITED

The reason for constitutional debt limitations, evidenced by the debates in the past constitutional conventions, was merely to limit those debts which must be met by future taxation. Such provisions were intended to prevent the imposition of heavy tax burdens on future generations. In 1886, two years after the adoption of the constitutional amendment under discussion, the Court of Appeals of this state said:

> We think it plain that the indebtedness here referred to is an indebtedness to be met in the future by taxation . . . The mischief to be prevented [by the constitutional restriction] was the creation of an excessive debt for local improvements, or public works, or the loaning of municipal credit so payable that the burden should not fall upon those who contracted the obligations, or on their revenues, but on posterity.

The contention that water debt should be exempt from the debt limit because water is a necessity assumed prominence only at a later date when it became apparent that some of the water supplies were not completely self-supporting and that the debts incurred for them would impose some burdens on the taxpayers. Some groups in the state demanded that

the municipalities be either compelled to make their waterworks completely self-supporting or denied the privilege of exempting from the debt limit debts incurred for these waterworks. The argument that water is a necessity was then advanced by those people who did not wish the municipalities to be hampered in the development and management of their water supplies.

While New York City was building its subways and docks during the first and second decades of this century, none of the other cities in the state were projecting any substantial income-producing undertakings other than water supply systems. New York City alone, therefore, was interested in the adoption of a comprehensive amendment exempting from the debt limit debt incurred for revenue-producing undertakings other than waterworks. This explains why the constitutional amendment passed in 1909, granting the exemption of such debt, applied only to New York City.

SELF-LIQUIDATING DEBTS

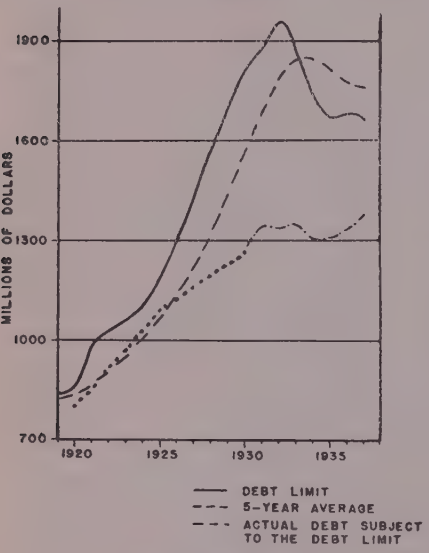
During recent years, however, several cities in the state have established revenue-producing undertakings other than water supply. Today three cities are operating electric plants for general distribution and a fourth is operating a hydroelectric plant for municipal purposes and sells the surplus power to a private utility. A number of cities derive revenue from airports and markets and some have revenue-producing auditoriums, docks, conduits, and various other enterprises, but outside of New York City the extent of these undertakings is still limited. Villages have had legal power for many years to own and operate municipal electric plants for general distribution. At the present time fifty-six villages have such plants. It is possible, therefore, that during the next few years the number of cities operating utilities of one kind or another in the State of New York may materially increase.

In view of this development, some groups in the cities feel that the privilege of a general exemption of self-liquidating debt from the debt limit, now enjoyed only by the City of New York, should be extended by an appropriate constitutional amendment to other cities as well.

It is asserted, however, by the groups in question, that the exact form of the present provision exempting self-liquidating debt in New York City is defective and should be materially modified, especially if it is to be more generally applied. Under the existing provision, debt which is completely self-liquidating is exempt, but debt which is only 80 or 90 per cent self-liquidating is not exempt. An undertaking must earn at least enough to cover all operating expenses and debt service to be entitled to the exemption of its debt. A deficit of 1 per cent would be sufficient to make the debt 100 per cent non-exempt. This arrangement is held to be illogical and improper. It is pointed out that municipal undertakings may sometimes benefit not only the users of their services, but also the community at large. It may be quite proper, therefore, to finance them only in part by charges on the users, and to supply the deficit from general taxation. Yet, under the present provisions, the debts of such undertakings would not be eligible for exemption. Preference is expressed, therefore, by various groups for a provision which would exempt debt to the extent to which it is self-liquidating. Under such a provision, for example, in the case of an undertaking whose earnings, after covering operating expenses, supply 70 per cent of the interest and amortization payments, 70 per cent of the debt would be exempt. It is proposed, at the same time, however, that the existing complete exemption of

water debt from the debt limit be left undisturbed.

A review of recent literature on the subject of constitutional and statutory debt limitation indicates that the predominant opinion favors the exemption of debt incurred for revenue-producing undertakings to the extent to which such debt is self-liquidating. A commission formed to investigate municipal finance in New Jersey, directed by



NEW YORK CITY

Comparison of: (a) debt limits based on last assessed valuations; (b) debt limits based on average assessed valuations; and (c) actual debt subject to the debt limit.

Harley L. Lutz, in 1931 expressed the following opinion:

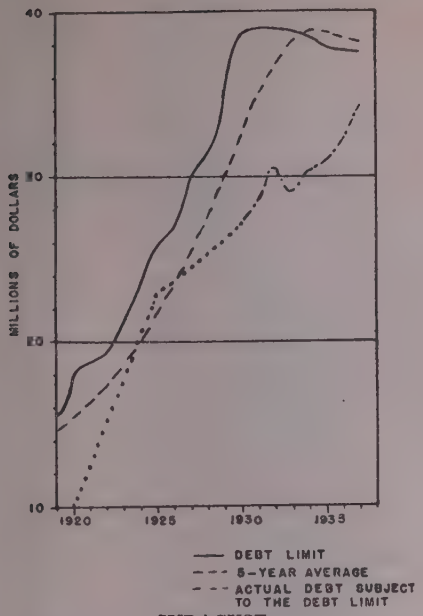
> The principal distinction to be observed in a comprehensive plan of debt limitation is that between the debt which is to be carried by general taxation and that which is to be supported in some other way . . . So far as the whole mass of the so-called "self-supporting" debt is concerned, the practical and effective limit is the volume of earnings, assessments, or other specific receipts available for this debt service.

This recommendation was ultimately carried out in the New Jersey local bond act of 1935 (ch. 77, P. L. 1935). This act, which the committee on municipal debt administration of the Municipal Finance Officers' Association has recommended for study by other states, provides for the exemption of debt incurred for revenue-producing undertakings to the extent to which such debt is self-liquidating.

A study of the constitutional debt and tax limits of New York, prepared by F. L. Spangler for the State Tax Commission in 1932, recommended that exemption from the debt limit be granted to "indebtedness incurred for any and all revenue-producing improvements to the extent that the current net revenue derived therefrom meets the interest and amortization installments of the debt."

Other writers might be cited expressing similar opinions and recommendations, but the quotations above probably indicate as well as any the trend of recent thought. To make this proportional exemption more stable it is proposed that the proportion be based on the average earnings and expenditures of the undertaking for the preceding three or five years.

As a result of the difficulties which the municipalities in New York experienced during the depression in meeting out of their reduced revenues their large fixed charges and other expenditure requirements, a strong reaction developed recently in many municipalities of New York State against the policy of financing capital outlays by borrowing. Under the home rule powers, some municipalities of the state have, on their own initiative, written into their charters restrictions upon their debt-incurring powers. Thus, for example, the people of the City of New York, in the new charter adopted in 1937, have provided for a gradual transition from a borrowing policy to a pay-as-you-go policy in



SYRACUSE

Comparison of: (a) debt limits based on last assessed valuations, (b) debt limits based on average assessed valuations; and (c) actual debt subject to the debt limit.

the financing of public improvements. In section 244 of the charter provision is made that during the fiscal year 1937-1938 not less than 2 per cent of the amount authorized to be expended for public improvements of a non-revenue producing nature is to be financed from current taxation, and that in each succeeding year an additional 2 per cent of the amount to be expended for all such purposes be so financed. In this way the proportion financed by taxation is to increase, and the proportion financed by the sale of bonds is to diminish, gradually. The charter also limits the maximum maturity of bonds for the financing of public improvements to thirty-five years in certain cases, and to as little as ten years in others. Moreover, the charter provides for a system of regular annual budgeting of all capital outlays and preparation of five-year capital outlay programs.

The city of Syracuse, in its new charter, has inserted a requirement for a referendum for each bond issue. Utica, in its new charter, has limited the amount of debt which may be incurred for public improvements in any year to 75 per cent of the amount of debt paid off during the preceding year, unless the people in a referendum authorize the incurrence of a larger debt.

A serious obstacle to the effectuation of a pay-as-you-go policy in New York and the other larger cities of the state is the present constitutional tax limit to which these cities are subject. This limit is fixed at 2 per cent of the assessed valuation, with an exemption for debt service. The levies for other purposes than debt service in these cities are either already up to, or border on, the 2 per cent limit. It would be impossible, therefore, for these cities to finance their capital outlays on a pay-as-you-go basis, within the 2 per cent

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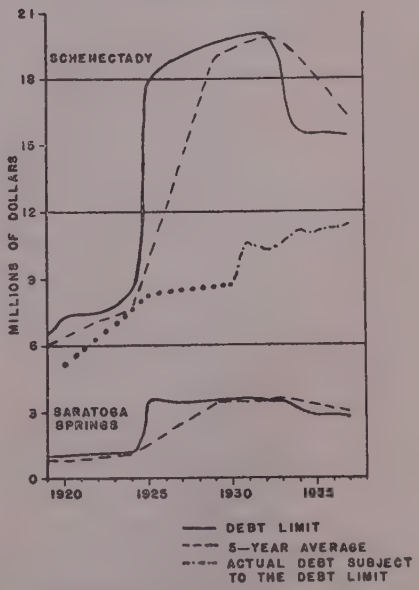

SCHENECTADY AND SARATOGA SPRINGS

Comparison of: (a) debt limits based on last assessed valuations; (b) debt limits based on average assessed valuations; and (c) actual debt subject to the debt limit.

The Problem of Revenue Bonds

Increased use of public borrowing to finance self-supporting government functions emphasizes need for complete overhauling of our defective system of public borrowing control.

FREDERICK L. BIRD

Municipal Service Department, Dun & Bradstreet, Inc.

OUR states and cities have discovered a new way to borrow money—through the medium of revenue bonds. Since the traditional methods and powers of borrowing have not infrequently afforded excessively ample facilities for incurring public debt, sound policy dictates that this new borrowing medium be scrutinized very critically, with respect to the appropriate limits of its application, to the proper methods to be employed in its use, and to the responsibilities which are entailed once revenue bonds become a part of a community's borrowing program. This critical approach is particularly important because the widespread use of revenue bonds has come suddenly, and largely as a by-product of a national emergency. Under such auspices it is very easy for even a worthy instrument to be stultified by mishandling.

Revenue bonds are still so novel a form of public borrowing that a definition is in order to avoid confusion in terminology. For purposes of this discussion, a revenue bond is an obligation of a governmental unit, issued for financing the acquisition, construction, or improvement of a revenue-producing enterprise and payable exclusively from the revenues of that enterprise.

To speak of revenue bonds as a new way to borrow money is not strictly accurate, as the initiation of this type of borrowing in the United States dates back nearly a century to the financing of a Philadelphia gas light system, and more actively about fifty years, to the issuance of water certificates by Spokane, Washington, payable solely from the revenues of its water system. The litigation which this transaction entailed led to the enactment by the state of Washington, in 1897, of the first general legislation in this country authorizing the issuance of revenue bonds. This type of security came to be issued rather extensively in Washington, particularly in Seattle and Tacoma for the financing of water, light, and street railway systems. A number of other instances of the use of revenue bonds prior to recent years may be found, notably in Chicago, St. Louis, and several Indiana, Illinois, Ohio, and Texas cities, for water systems.

But in the 1920's the problem of revenue bonds was still primarily that of how to secure legislative authorization and the favorable opinion of the courts. It was in the 1920's, however, that impetus was given to revenue bonds by the introduction of municipal improvement authorities—public corporations authorized to construct and operate certain specified facilities, impose service charges, and issue bonds payable solely from revenues, but granted no powers of taxation. The Port of New York Authority was the outstanding pioneer.

It has been the federal government's pump-priming public works program, however, which has brought revenue

bonds into general prominence. With the PWA wishing to give preference to revenue-producing enterprises in its loans and grants to state and local governments, the revenue bond suggested itself as the best means of circumventing constitutional restrictions on borrowing, counteracting the popular opposition to new debt which might increase taxes, and of safeguarding loans to units of government whose general credit was weak or uncertain. The incentive of federal funds and aid in the drafting of appropriate statutes led quickly to the adoption of enabling legislation in well over half the states, and the idea of loans for revenue-producing enterprises secured by revenues only continues to gain in popularity—with a steady flow of revenue bond issues from states, municipalities, and special districts.

It appears to be the consensus of informed opinion that while the PWA has been a potent stimulus to revenue bond financing, the procedure is due to continue as an important phase of public borrowing irrespective of the future lending policies of the federal government.

MANY MILLIONS INVESTED

The important position held by revenue bonds in the record of state and local borrowing in 1937 lends definite support to this opinion. A partial record shows that the relatively large revenue bond issues of $100,000 or more last year totalled at least $162,000,000 (not including limited obligation highway revenue bonds) and that, with the inclusion of the many smaller issues, financing of this type probably approached $175,000,000. This constitutes over a fifth of all state and local bond financing for the period, exclusive of refunding bonds, as, according to *The Bond Buyer's* "Municipal Bond Sales, 1937," the total was $782,000,000. Revenue bond issues during the year came from at least half the states, were for more than a dozen different purposes and, fully as significant, mainly found a general market.

If revenue bonds should continue to be floated at this rate, they would soon become an important part of the public debt. So recent, however, is their emergence, that consultation of a half-dozen current general works on public finance failed to educe a single reference to them. There is danger, therefore, that their use may outdistance the formulation and dissemination of sound principles for their control.

In many respects revenue bonds do not constitute a problem, but are rather a very practical solution for several pressing problems of municipal government. They tie in with problems of debt limitation, of taxation, and of administrative efficiency.

In the first place, the opportunity to finance with revenue bonds offers greater flexibility to cities wishing to expand their functions in line with modern requirements, and desirous of being more broadly useful in the provision of community services. Many cities administratively competent to operate revenue-producing enterprises have been held back by antiquated constitutional, statutory, or charter provisions regarding borrowing, designed in accordance with the theory that a local government should perform only a minimum of necessary functions in the community. Where authority to own and operate revenue-producing enterprises has existed in theory, financing powers have sometimes been ineffective in practice. In some instances a low borrowing limit, intended for effective control of tax-supported debt, has taken no cognizance of the fact that self-sustaining utilities belong in a different category.

Secondly, revenue bonds help to avert taxpayer opposition to progress. A self-supporting water or light system can readily be starved into decrepitude by

a popular misconception that the incurring of any kind of general obligation debt increases taxes; and a highly desirable new undertaking, with every prospect of financial success, is frequently defeated by this same state of mind. Assurance that the tax rate will not become involved tends to disarm hostility.

In the third place, revenue bonds afford range for experiment with types of enterprises without involving a community in an intolerable burden of tax-supported debt. This is not advocacy of a municipality entangling itself, through revenue bonds, in speculative ventures; but, rather, the suggestion that this type of financing, because of the necessity of finding a market, will require realistic planning and adequate demonstration of its soundness.

A fourth advantage of revenue bonds arises under certain circumstances and conditions prevailing in two special classes of communities. A not insignificant number of municipalities defaulted so disastrously in the depression that despite the curing of the defaults their general obligation bonds are still selling in the 60s, 50s, and even lower. Their capital financing problems are well nigh hopeless of solution for years to come so far as the successful marketing of general bonds is concerned, and pay-as-you-go financing is often precluded by the onerous terms of their refunding plans. In such basic essentials as water and sewer systems, however, which can be made self-supporting, they can find a way out through revenue bonds.

In almost as serious a predicament are those municipalities which are so hemmed in by tax rate limits that they have no means of meeting the requirements on new general obligation debt. They also may be forced to use their ingenuity in making functions revenue-producing in order to justify resort to revenue bonds.

Revenue bonds, in the fifth place, tend to enforce more efficient management of a municipality's business enterprises. A primary purpose of revenue bonds is to permit a governmental unit to provide capital for its business undertakings in the same way in which a private concern would perform this function—the issuance of securities to be supported by earnings. It follows, however, that management must be on a business basis—that rates must be carefully adjusted to provide adequate revenue for operations and debt service, that other departments must be properly billed for services rendered, that accounting methods must be standard, that revenues must be kept disentangled from the general city funds, that safe reserves must be maintained. And since creditors are dependent entirely on the performance of the undertaking, they will insist on more frequent and precise reporting than if the obligations rested on the broad base of the general taxing power.

UNDERTAKINGS TO BE FINANCED

The fact that revenue bonds have many advantages, and in many ways are a constructive development in the field of public borrowing, does not mean, however, that every political subdivision in the country should rush in blithely to finance all its revenue-producing undertakings through this medium, or that they should exhaust their ingenuity in making service charges grow from functions that have not produced this way in the past.

One very pertinent question which arises is that of what functions or undertakings are suitable for financing with revenue bonds. This can be answered generally—as those types of undertakings which lend themselves readily to operation on a service charge basis; which can be made sufficiently revenue-producing on this basis to cover full operation, maintenance, and debt service

costs; and which can be made to do so without violating any vital economic or social requirements of the community. In this category would normally fall those types of public service enterprise which experience, either under public or private operation, has demonstrated to have the potentialities for self-support. They include primarily water systems, light and power systems, gas plants, local transportation systems, toll bridges and traffic tunnels, stadiums, and possibly docks, public markets, auditoriums, and airports, as well as certain minor enterprises. Also in this classification there may be cautiously included new types of public undertakings which can be shown clearly to have the three qualifications cited. Probably the most unique among such new types already financed by revenue bonds is the American Museum of Natural History Planetarium Authority in New York.

Any listing of enterprises appropriate for revenue bond financing, however, must be tentative, and subject to the third qualification mentioned — that there must be no violence done to the vital economic and social requirements of the community. Such an eventuality may arise from either of two conditions.

Revenue bond financing, first, places the project in the strait-jacket of strictly self-supporting business. This may be a desirable objective, but on the other hand it may limit the project's adaptability to the general good of the community. Conditions arise where partial support from general taxation is essential to meet a community need. The U. S. Post Office Department is a familiar example, and locally it may be economically and socially advantageous to subsidize such undertakings as harbor facilities, an airport, a transportation system, or a housing project.

Secondly, when a function normally tax-supported is placed on a service charge basis, ostensibly with a view to bringing relief to the payer of general property taxes, the result, instead of producing a more equitable revenue system, may tend quite to the contrary. Not only may it deviate too far from the principle of taxation according to ability to pay, but it may relieve certain economic beneficiaries from their proper financial responsibility.

There is serious doubt, for this reason, that sewer systems, for example, should be made self-supporting utilities, to be financed with revenue bonds. On the customary basis of charges determined by water bills the entire cost must be borne by the owners of improved property, while the speculative holder of unimproved real estate enjoys the resulting appreciation in the value of his holdings as a clear donation. This inequity can be corrected by a benefit or readiness to serve charge, but such is not the common practice.

WHEN REVENUE BONDS PREFERABLE

Taking up a second phase of the general problem, the fact that a public undertaking is economically suitable for revenue bond financing does not necessarily indicate that this method is preferable. Where borrowing powers permit, the logical choice of borrowing medium is that which will procure funds at the lowest cost to the community. If a municipality's general credit is weak it is probable that well secured revenue bonds will find a more favorable market than its general obligations. If credit standing is high, on the other hand, it is hardly to be expected that a limited obligation bond will find as ready acceptance as a full faith and credit obligation. More consideration should be given, as a matter of fact, to the financing of undertakings of known earning power with bonds which are secured both by the pledge of earnings and the full faith and credit of the municipality. There is no resulting charge to taxation in practice, and

money is saved through lower interest rates. It must be admitted, however, that under present laws municipalities often do not have a free choice of borrowing alternatives.

Turning to a third problem which arises in the use of revenue bonds, they are not justified as a subterfuge in avoidance of sound and reasonable borrowing limitations. When a community, by excessive and improvident borrowing, has approached or exceeded the limits of a generous borrowing power, it is entering dangerous territory when it turns a governmental enterprise into the semblance of a business enterprise in order to incur more debt. Some of the recent revenue bond issues for sewer systems have approached this classification.

PSEUDO-SELF-SUPPORTING UNDERTAKINGS

Equally to be questioned are the many ingenious devices being resorted to to circumvent constitutional limitations on borrowing through the issuance of revenue bonds for undertakings which cannot be justified as self-supporting enterprises, but must be the recipients of general tax funds in one way or another. These projects, most of them fostered by state governments, include libraries, college gymnasiums, nurses' homes, hospitals, and even state office buildings. While it is true that such projects may be productive of fees sufficient to meet debt service, in only rare instances will the fees also cover operation and maintenance costs. While some practical justification for these arrangements may be found in existing unreasonable restrictions on borrowing, the principle is unsound, the effect is obscurity rather than clarity in public fiscal operations, and this policy, if extended and elaborated, will result in a veritable maze of financial hocus-pocus.

One reason for this expression of skepticism is the lack of administrative responsibility displayed by some of the governmental units which have fostered these pseudo-self-supporting undertakings. This shortcoming applies primarily, but not exclusively, to certain state governments. Because revenue bonds have been held by the courts not to constitute debt within the meaning of constitutional debt limitations, there is a tendency on the part of some public officials not to recognize them as public debt obligations at all. This is particularly true in the state field, where the bonds in question may have been issued by a state department or commission. In some instances not only are such bonds not mentioned in the general financial reports of the state, but the chief fiscal officers even profess a lack of knowledge of what obligations are outstanding.

This is giving effect to a fiction with a vengeance, for in a very concrete economic and financial sense debts have been created. If the projects involved require tax funds for operation and maintenance in order to release fees for debt service, the general budget is definitely affected. And if any considerable number of revenue-bond-financed projects in a given state or local area should collapse financially, the result might well be to influence adversely the general financial reputation and credit of that area. There is strong probability, moreover, that the average community is not going to abandon an undertaking which proves to be a failure financially, but will find itself in the position of bolstering it with general bonds and taxes.

Some protection against the issuance of revenue bonds of dubious security will be afforded by the critical attitude of the bond market, but there are always state sinking funds and teachers' retirement and other trust funds to be depended on if necessary—which raises another warning signal.

(Continued on Page 313)

The Need for Adequate Reporting of Debt

Given the pertinent facts regarding its own debt and similar information for other cities of the same size and economic position, a municipality is in a position to conduct its financial program both intelligently and economically.

C. E. RIGHTOR
Bureau of the Census

THERE exists now as never before in the field of local government the need for publicizing all the facts about public debt.

The vast amount of public securities outstanding today, with the diversity in agencies issuing debt paper, and in types of security, purposes, rates of interest, and values; the prospect of continued extension of borrowing, not only for ordinary public improvements but for new types of community projects and also for non-capital purposes; the cost to local government, and therefore to the taxpayers, of carrying debt obligations, and plans for financing interest and principal repayment until the liability is discharged; the creation of new governmental units authorized to incur debt; the relationship between the federal government and states and cities, and between states and their cities, in various phases of intergovernmental financing; steps to be taken to avoid default or other serious credit difficulties; the effect upon present and future debt of tax limitation, homestead and industrial tax exemption, and similar laws affecting revenues; the need for facts about the amount and nature of debt in drafting legislation relating to tax and debt limits; the supplying of data required by investment bankers to assure maximum prices for bond offerings; the supplying of information to assist in determining eligibility of municipal securities for investment by institutions subject to regulation by federal or state agencies; the possible effects of removal of tax exemption of governmental securities upon their marketability and price —these are among the factors dictating the desirability of adequate reporting of debt by our states and cities.

Public debt constituted no problem in our local governments until recent years; a city's debt was relatively within bounds and debt charges were met ordinarily without cramping revenues available for operation and maintenance. The expansion in the uses of public credit during the past decade or more, however, has resulted in taking larger sums for debt service. At the same time expenditures have substantially increased due to expansion of the usual services and conduct of new departmental activities, which also have required additional current revenues. On the other hand, municipalities commonly have been through a period of curtailed revenues, and the fixed demands of debt service have created a serious financial problem in many instances. The conflict may be a continuing one for some municipalities until revenues are increased or debt reduced.

Expansion in public debt is evident

from a casual examination of the figures. According to the decennial report of the Bureau of the Census for 1932, the net debt of the national, state, and local governments was $4,850,000,000 in 1912, which had grown to $39,411,000,000 in 1932. The figures, by major divisions for the two periods, follow:

	(*Expressed in thousands*)	
	1912	*1932*
National government	$1,028,564	$21,834,565
States	345,942	2,360,958
Counties	371,528	2,390,830
Cities, towns, villages, and boroughs with a population of 2,500 and over	2,762,469	8,445,800
All other civil divisions including cities, towns, etc., under 2,500 population	341,957	4,379,251
Total	$4,850,460	$39,411,404

Complete coverage of all units of government has not been made by the Bureau of the Census since 1932, but data for cities over 100,000 population are referred to subsequently. The report of the Secretary of the Treasury for the fiscal year ended June 30, 1937, reported a gross public debt as at that date of $35,803,000,000 for the national government, and $19,152,000,000 for state and local governments.[1] This means in the aggregate a per capita debt of approximately $425, of which $277 is for the national debt and the remainder state and local.

It should be borne in mind, in considering the term "debt"—as also other fiscal terms in a statistical compilation—that the term is subject to precise definition. What is "gross debt"? Does it include only tax-supported debt, or also public-service enterprise debt? Does it include revenue bonds? Authority bonds? Special assessment bonds, both general and special liability? Both long term and short term; interest and non-interest bearing; tax exempt and non-tax exempt? Debt, the service charges on which are financed by other units of government by agreement? Definition of the term, however, is not essential to this brief discussion.

Turning to a more limited coverage, in the Bureau of the Census report, *Financial Statistics of Cities*, there is available from 1931 to 1936 statistical material on the debt of 94 cities having a population of over 100,000, which, with some revision, may be carried back for several more years.[2] These cities comprise nearly 30 per cent of the total population of the nation. A computation discloses that in 1932, the year of the bureau's decennial inquiry, the net debt (gross less sinking funds) of these cities comprised 42 per cent of the total net debt of all state and local governments. The story of the indebtedness of these cities, therefore, as to amount, nature, and trend, assumes much significance in considering the problem on a nation-wide scale. This report shows that the total funded debt less sinking funds of these cities increased gradually during the decade 1926 to 1936 from $4,305,000,000 to $6,332,000,000, or from $128 to $168 per capita.

VAST INCREASE IN DEBT

The figures given indicate broadly the growth in debt of the national govern-

[1]Secretary's report, p. 466. The total is exclusive of $146,000,000 debt of territories and insular possessions, and of over $10,000,000,000 of obligations of governmental corporations and credit agencies guaranteed both as to principal and interest by the United States, as follows: Federal Farm Loan System, $3,650,000,000; Federal Home System, $3,037,000,000; and RFC, $3,860,000,000.

[2]The bureau, in this report, includes the finances not only of the city corporation but also all independent units substantially coterminous with the city, and, for cities over 300,000 population having an independent county government, a portion of the county's finances, the portion included being that represented by the ratio of assessed valuation of the city to that of the independent county or other unit.

ment and of state and local governments during the past two and one-half decades. This expansion in public credit was not achieved in any one year, but has been a continuing process.[3] In general, it is found that per capita debt tends to increase with the size of the city and with time.

So large and diversified is the amount of outstanding securities today that adequate reporting is essential to the interest of the debtor communities, their citizens and taxpayers, and the investing public. Not so many years ago it was difficult to find many sources of information about municipal debt in our country. The bureau report, with its coverage of all cities over 30,000 population, gave certain essential facts and indicated the trend of municipal debt, but the lateness of its publication impaired its utility. Other sources were very limited. To promote interest in the subject, the National Municipal Review in 1923 began the series entitled "Comparative Bonded Debt of Cities," presenting in concise and current form the basic data for each city. With the growth of indebtedness, however, the mediums of publicity have multiplied. This is but natural, owing to the widespread effect of public borrowing. The annual financial reports of cities and other local units have increased in number and more statistical information about debt is covered by them. These reports are augmented by those of state agencies supervising municipalities and of numerous non-official agencies on various phases of the problem. While this development in official reporting is recognized, it remains true that there is need for further improvement in this field. And, it may be added, the task of reporting grows more complex from year to year because of the expansion in the application of public credit.

The patent economic fact of the relation of debt to increased tax load, however, has not deterred states and cities from indulging in the practice of borrowing. Nor is it intended herein to condemn borrowing as an unsound economic principle. There is sound borrowing, and ample texts and treatises set forth the elements and policies, but also point out the pitfalls.[4] It is here desired only to indicate in general terms the amount and trend of public debt as evidence of the advisability of awareness of the problem.

The subject of municipal debt can no longer be reported adequately for the city government alone—it must be treated as a community problem. The organization of local government is very diversified, and in order to have a comprehensive debt picture it is essential to have a report of all overlying units, including independent school, park, port, sanitary, and other districts. Recent years have seen the development of authorities, and their exercise of debt-incurring powers should be included. The amount of debt of all units should be classified by type of security, maturity, and interest rate. The type will state whether the obligation is tax supported, public service enterprise, revenue (which is a non-tax-liability), or special assessment; whether long- or short-term,

[3]Federal gross debt rose abruptly from slightly over one billion dollars in years prior to wartime financing to almost $27,000,000,000 in 1919, declined to about $16,000,000,000 by 1930, and has risen steadily since; State and local gross debt rose gradually from $4,500,000,000 in 1913 to $19,600,000,000 in 1932, and since has remained about stationary.

[4]Examples are the following: *Controlling Local Indebtedness,* Chamber of Commerce of the United States, Washington, D. C., June 1937; *The Municipal Debt Load in 1935,* Frederick L. Bird, Municipal Service Department, Dun and Bradstreet, Inc., New York, N. Y.; *Municipal Bonds,* A. M. Hillhouse, Prentice-Hall Inc., New York, 1936; *Reports of Committee on Municipal Debt Administration,* Municipal Finance Officers' Association, Chicago, 1935 through 1937; On state debt is the following: *Resources and Debts of the 48 States,* Edna Trull, Municipal Service Department, Dun and Bradstreet, Inc., 1937.

and if the former, whether serial or term bonds.[5]

PURPOSES OF DEBT

The purposes of issue are of much interest—whether for the usual type of non-revenue-producing facilities as schools, highways, sewers, and public buildings, or revenue-producing enterprises as utilities; whether for new types of community undertakings, as housing, slum clearance, and work and home relief; or for income-producing facilities as airports, auditoriums, dormitories, and the like; and whether for refunding or funding operations. The bureau report for 94 cities shows that the gross debt including special assessment, for five-year intervals from 1926 to 1936, was issued for the following major purposes:

(*Expressed in thousands*)

Purpose	*1926*	*1931*	*1936*
Total	[a]$6,198,793	$7,621,250	$7,665,198
General government properties	71,356	162,904	146,542
Police and fire departments	53,351	84,030	75,522
Sewers and sewage disposal	469,891	650,810	674,554
Highways	720,050	1,163,850	910,883
Charities, hospitals, and corrections	77,685	170,856	297,074
Schools	743,249	1,286,909	1,200,073
Libraries, art galleries, and museums	39,651	67,378	42,262
Parks and playgrounds	195,607	325,005	301,144
Miscellaneous and combined and unreported	491,202	1,015,316	1,193,309
Public service enterprises	1,071,372	2,694,191	2,823,835

[a]Includes $2,265,380,000 not shown in detail.

It is desirable to place in the record the legal limits established for various purposes for which debt may be incurred, the amount of debt outstanding within each such limit, and the amount existing outside the limits; also the margin remaining for further borrowing with these limits, and the unappropriated commitments against them. With the shrinkage in taxable valuations that took place during the depression, many cities found it impossible to issue bonds that had been authorized, even by popular vote, at an earlier date. Furthermore, recent legislation establishing tax limits and various types of tax exemption has a definitely restrictive effect upon municipal borrowing, and these facts should be publicized.

The debt history of the city is an essential part of its credit rating, and should be set forth in its report. Adequate credit ratings of the hundred thousand local units of government having the power to incur debt are obviously lacking today, but certain minimum requirements for determining eligibility of their securities for investment by sinking, pension, postal savings, and other supervised funds, may be indicated, at least for the larger units.

It is necessary to recognize that public indebtedness does not stand as an isolated subject; it is closely associated with community wealth and income. Turning briefly to its economic significance, consideration should be given to reporting the relation of tax-supported debt to taxable valuation, which will be called upon to pay interest and principal installments, and to the proportion of the current budget required for debt service. The relationship existing between the amount of net debt and cer-

[5]The form "Report on Finances" of the Investment Bankers Association of America, developed in coöperation with the Municipal Finance Officers' Association, includes many of these and other relevant items.

tain indices of the social and economic structure of the community should be reported as a gauge of the ability of the municipality to bear its over-all debt without undue strain.

With a report comprising these and other pertinent facts about its own debt, and with comparative information available for other cities of similar size and economic position, a municipality will be enabled to adopt sound fiscal policies and controls and to conduct its financial program both intelligently and economically.

PROBLEM OF REVENUE BONDS

(Continued from Page 308)

The point of all this is—we appear to be entering rapidly a great complication of public borrowing activities, with hopefulness that it has compensating features. But the procedure must be kept out in the open, not stultified by an ostrich attitude that no debt has been created. Public records and reporting of revenue bonds, and the enterprises they finance, not only need to be complete in coverage, but adapted to the business quality of the undertakings. And with revenue bonds placing emphasis on the self-sustaining aspects of operation, there is more than ever the need for intelligent and understanding state standardization and supervision of the financial records and policies of the public service enterprises of local units of government. We have had some unpleasant experiences with another type of limited or contingent debt obligation —special assessment bonds. They met, theoretically, a crying need in the financing of public improvements; but we have had ample evidence of the confusion which can result from the lack of proper control. It would be equally unfortunate if the usefulness of revenue bonds were vitiated for similar reasons.

Within the field of legitimate use much needs to be done to secure for revenue bonds a full recognition of their merits as investments. This is vital for the cost of capital financing. They are not yet widely known or understood among investors; and honest, intelligent, and consistent publicity is not only demanded by the nature of the securities issued, but will produce dividends in the form of interest rates commensurate with the financial quality of the project. A new enterprise calls for expert engineering, financial, and legal reports, as well as brief popular digests of these reports, before bonds are offered for sale. In the instance of going concerns, annual audits and more frequent financial summaries are essential for the maintenance of confidence and credit. And the set-up of each bond issue requires a special technique, quite different from the ordinary general obligation bond, to give it the marketability to which it is intrinsically entitled.

Turning again, by way of summary, to the significant general aspects of the subject—revenue bonds, if employed with discretion and with an intelligent regard to their limitations, can become a permanently important factor in public borrowing and a useful adjunct to the effective expansion of public services. They can readily, on the other hand, not only be discredited, but be made to reflect discredit on the issuing public agencies. Designed to finance public enterprises operated on a self-supporting business basis, they throw the spotlight of publicity on the capacity of state and local governments to function with businesslike efficiency. They can serve to increase confidence in public institutions, and to weaken confidence in public institutions. The trend is already running in both directions. Their increasing use, partly for evasion of existing general borrowing limitations, emphasizes more than ever the need for a complete overhauling of our presently defective system of public borrowing control.

The Call Feature in Municipal Bonds[1]

Callable bonds, while permitting a more flexible debt structure, require careful administration in order that savings may actually be secured by their use.

CARL H. CHATTERS

Municipal Finance Officers' Association of the United States and Canada

INTEREST rates on municipal bonds are still comparatively low. Because of this officials are asking the question, "Why cannot we refund our outstanding bonds which have coupon rates of 4, 5, or 6 per cent into new bonds bearing 2 or 3 per cent?" The answer is quite simple. When the original bonds were issued they were given a stated maturity and it is not possible legally to require the holder to surrender them prior to that date. It is true that some few cities had provided that their bonds be callable or optional; that is to say, under certain conditions the municipal body would have the authority to redeem them prior to the stated maturity date.

It would seem, offhand, that perhaps all municipal bonds should be callable, thus providing for a reduction of interest as rates dropped from time to time. Investors who purchase bonds to yield 5 per cent for a given number of years, however, want to be certain that they will continue to earn that rate for the period specified. Furthermore, if a bond sells at a high premium it would be unfair to tell the holder that the interest rate may be arbitrarily reduced. That would mean in simple terms that the value of the bond had been drastically cut without any compensation. A twenty-year bond with a 5 per cent coupon rate, for instance, would be worth $1,299.20 if it were sold to yield 3 per cent. If the purchaser knew that the bond could be called, thus reducing the interest rate, he would not pay that price for it. He would pay a price much nearer to par. If the bonds are callable or optional, then the issuing body may call them for payment at some specified time and issue new bonds in place thereof if interest rates have declined in the meantime. It is necessary, therefore, to investigate the uses, value, and limitations of the call feature in municipal bonds.

It is true that the use of the call feature in government obligations is not an experiment. The United States government, many foreign governments, as well as state and local bodies, have made extensive use of this type of obligation. Municipalities have used this type of bond less than other public bodies. For instance, during the seventeen-year period from 1920 to 1936 inclusive, only 5.2 per cent of all American municipal issues contained the callable feature. Likewise, the call feature has been more extensively used in private than in corporate financing. Perhaps this has been true because corporate bonds are usually callable at a premium and are usually term bonds.

SAVINGS MISUNDERSTOOD

Many cities exercised the call privileges in their securities during the period from 1934 to 1937 and permanently re-

[1]The material for this article has been taken from a recent report of the Committee on Municipal Debt Administration of the Municipal Finance Officers' Association entitled *The Call Feature in Municipal Bonds*. It is a bound book of 118 pages, available through the association at the listed price of $1.50.

tired their bonds or refunded with substantially lower interest rates. This does not mean that the replacement of a 5 per cent bond with a 4 per cent bond was always a net saving of 1 per cent. It is quite possible that the issuing municipality paid a higher rate of interest at the time the bonds were issued because it had placed the optional feature in its bonds. In other words, the 4 per cent bond which may have been outstanding for ten years might have been issued at an interest rate of 3.90 per cent if it had not been callable. Consequently, in each case there is necessity for determining not only the gross saving that may be made, but also the net saving when the added initial interest cost is considered. An intensive investigation of callable bonds issued from 1920 to 1929 seems to indicate that the additional interest rate necessitated by the use of the callable feature was about one-eighth of 1 per cent per annum. This can be partially offset by the insertion of a premium offer if and when the bonds are called. Then in case the bonds are not called there needs to be no added interest cost.

WHEN TO USE

Callable bonds can be used to best advantage when interest rates are high and certainly during several periods in the past two decades could have been used to advantage. At the present time when interest rates are still abnormally low there is little use in selling callable bonds except for particular purposes which will be specified later. Certainly, if there is doubt as to whether or not the call provision should be used, bids can be requested on both a callable and non-callable basis and the final award made after considering whether or not the added interest cost, if any, is justified. Callable bonds are most generally justified when a municipality in default is forced to refund its debt by an exchange of bonds with its creditors. Under such conditions no one knows when the ability to pay will improve. It is desired to extinguish the debt as soon as possible. This can best be done if the bonds are made callable, usually from a sinking fund which must be exhausted by asking for tenders of bonds at a discount. It can also be accomplished by calling by lot or number an amount of bonds represented by the value of the sinking fund.

It seems quite likely also that the callable bond should receive more general use in special assessment financing. Here it is not known exactly when the assessments will be paid. The assets pledged for their payment are very limited and bonds can be retired only as the assessments are paid. On the other hand, many people pay special assessments in advance of the due date. The call feature permits the proper handling of the payments in either case. It prevents the payment of interest which cannot be collected by the city and also makes default less probable if payments are slow.

Utility financing frequently requires the use of callable bonds. A new plant may not reach its maximum earning capacity for several years after it starts operation. Perhaps no bonds can be paid during the early years, or it may not be possible to determine exactly the rate at which the debt can be retired from earnings. Thus at least a part of the debt may well be outstanding in the form of bonds which can be paid as earnings are realized.

ABOLISH SERIALS?

The question has been raised whether or not callable bonds can be used without abolishing the tendency toward the more extended use of serial bonds. Most callable bonds in the past have been term bonds. Two things can be done, however, to permit the use of callable bonds and still continue the use of serial bonds. The issue may provide that

none of the bonds shall be callable for a specific period of five years, ten years, or some other date. Or a proposed issue may be divided into two parts: one consisting of serial bonds for the first ten or fifteen years, and the other consisting of bonds bearing a fixed maturity of twenty or thirty years callable after ten or fifteen years. In this way the principle of serial bonds will be retained; at the same time the use of callables may be more practical.

The use of callable or optional bonds is limited by investor and dealer opposition, by the absence of laws permitting their issuance, and by failure to administer properly in the past the laws pertaining to this type of obligation. The dealer and investor opposition can be met to some extent by calling bonds at a premium and by giving adequate notice when bonds are to be called. The premium should in part compensate the investor for the uncertainty as to the life of his investment and the rate at which it will earn.

Callable bonds cannot be considered an unmixed blessing. They have their advantages and disadvantages. They permit a more flexible debt structure for a municipality. They do require very careful administration. Savings have been made by their use; increased cost can be brought about by their improper sale. Callable bonds, then, provide a device by which municipalities at certain times and under certain conditions may plan a debt structure more flexible and save interest costs. On the other hand, the improper use of the obligation may be detrimental to those most interested in municipal credit.

CONSTITUTIONAL LIMITATION

(Continued from Page 303)

limit. It is proposed, therefore, that the tax limit be liberalized in one of two ways: either the levies for capital outlays should be exempted from the tax limit in the same manner as the debt service, or else an over-all tax limit of 3 per cent or more, applicable to operating expenses, capital outlays, and debt service should be substituted for the present tax limit. The tax rate now in effect in most of the cities subject to the constitutional tax limit already amounts to 3 per cent or more.

A very important proposal before the convention would exempt from the debt limit a specified amount ($300,000,000 or thereabout) of bonds to be issued for the acquisition of properties of the private rapid transit companies in New York City. The entire program of unification of the city's transit lines under the city's ownership and management, which has been under discussion for years, depends on the adoption of this amendment.

Under several proposals an over-all debt limit, with separate debt limits for various classes of government, would be established. The debt limit for counties would be reduced from 10 per cent of assessed valuation to 5 or even 3 per cent. It is apparent that a 10 per cent debt limit for county debts is excessive. Out of fifty-eight counties of the state in only two or three the county debt is in excess of 5 per cent of the assessed valuation. The practicability of an over-all debt limit is being seriously questioned by certain groups.

A great many other proposals for changes in the constitutional provisions affecting state and municipal credit have been introduced in the convention. The constitutional convention committee which prepared the essential materials for the convention's work, surveyed in its volume on *Problems of Taxation and Finance* (volume X in the series) more than twenty constitutional proposals of major importance in the field of state and local indebtedness. Many of these proposals have great merit.

Immediate Future of Municipal Credit

Subnormal supply and comparative safety of local government bonds keep market at high level.

SANDERS SHANKS, JR.
Editor of "The Bond Buyer"

WITH municipal bonds selling at historic highs, it must be assumed that the consensus of opinion among investors, who dictate the price level, is that the demand for such securities is expected to exceed the supply for some time to come. But it is obvious that when a long-term bond sells at a price to yield something like 2½ per cent, it can move but little higher. On the other hand, it could decline many points before its yield could be considered generous when judged by normal money market standards.

In short, the current aspect of the bond market is shot through with artificiality and it would be reckless, to say the least, to attempt to predict how much longer the props which have been holding prices up will be allowed to remain in position. Perhaps if we could foresee the outcome of the national elections in 1940, we might be in a better position to judge the long-term bond market trend.

Aside from the ease in the money market resulting from the government's adherence to a policy of easy credit, municipals have been and are still selling in a market free, to an extreme degree, from competition with other classes of securities. Corporate borrowing through bond and stock issues has fallen off sharply, while in the field of mortgage investment, government funds have been used where normally mortgage loans furnish a major outlet for private investment funds.

On the supply side we find municipalities close to their legal debt limits and hence forced to curtail debt-incurring programs. These limits are usually based upon total taxable property values. Shrinkage in such values has reduced, or entirely wiped out, debt margins and unless we experience substantial increases in taxable values, many prospective borrowers will be confronted with legal obstacles preventing the addition of new indebtedness to now outstanding debts. Bearing on this same question is the attitude of the local taxpayer. As evidenced by the results of bond elections in recent years, voters are reluctant to approve borrowing proposals, appreciating the fact that they involve increased taxation to service the new obligations.

Relief expenditures are again increasing, but it is likely that local governments will continue to place the financing of such expense more and more on a pay-as-you-go basis, recognizing it as a permanent annual budgetary charge to be met out of current regular or special emergency taxes, rather than through the proceeds of bond issues. It must also be kept in mind that the federal government is continuing its policy of bearing a large share of the relief burden which would otherwise fall upon state and city treasuries.

In considering supply, another most important fact and one frequently overlooked must be considered. That is the constant absorption of state and local bonds by public trust funds. For example, a few moments' investigation not

long ago disclosed that in the New Jersey state government there are thirteen such funds and, on June 30, 1937, they held securities of the state and its municipalities aggregating over $160,000,000. One of these trusts, the Teachers Pension and Annuity Fund, held assets, mostly New Jersey school bonds, having a value of about $65,000,000. A more or less similar condition will be found to exist in other states. In fact, a recent estimate published by the secretary of the treasury indicates that of $19,152,000,000 state and local securities outstanding, no less than $4,298,000,000 were held by the United States government, federal trust funds and agencies, and state and local trust, investment and sinking funds. It seems appropriate to inquire how long it will be before such funds, together with private fiduciaries, will have absorbed substantially all outstanding state and local debt.

A possible source of supply of several hundred millions of additional bonds is the PWA and the RFC. Those agencies still hold bonds in their portfolios which, theoretically, will some day be liquidated. It is probably a reasonable assumption, however, that such liquidation will be so gradual as to have little or no effect marketwise.

At the moment, it looks as though those federal agencies will be more potent factors as buyers than as sellers of municipals due to the inauguration of new pump-priming operations.

Now that President Roosevelt has seen fit to devote a special message to Congress on the subject, it seems probable that some definite steps will be taken to eliminate tax exemption of federal, state, and municipal bonds. Should something develop along these lines, the market might be seriously affected, but whether it would be influenced favorably or unfavorably depends upon the way in which the attempted attack on tax-exempts is handled. The President's recommendation is that Congress simply enact a law imposing the income tax on future issues. At first glance, that looks like a bull argument for bonds already outstanding. But a moment's consideration of the fundamental basis for federal tax exemption of local government securities inevitably leads to the conclusion that, if the President's proposal to tax future issues is legally sound, then Congress has the power to tax all outstanding issues. No investor, we assume, would be inclined to place much value upon the tax-exemption privilege now enjoyed by outstanding bonds once it was made clear to Congress that it could at any time extend the income tax to such securities.

It is not generally expected, however, that Congress will ignore the long line of court decisions which deny Congress the power to tax state and local bonds, and, hence, the ultimate move against tax-exempts is more likely to take the form of a proposed constitutional amendment which, in specific terms, will protect the exempt status of outstanding bonds. As a market factor, the outlook for any change in the tax-exempt status of such bonds is at this time too remote to have any measurable influence.

Looking at the immediate future, municipal bond prices appear not to be subject to any great price fluctuations. Technically, the situation is well protected by a subnormal supply and a prospective continuation of that condition for some months to come.

The Bonded Debt of 286 Cities as at January 1, 1938

Bonded debt continues downward trend of last few years except in smallest cities where slight increase occurred.

ROSINA MOHAUPT
Detroit Bureau of Governmental Research, Inc.

FROM averages computed for the 269 American cities reporting their bonded debt as of January 1, 1938, the total gross bonded debt of the 310 American cities over 30,000 population is estimated at $8,334,000,000. Although comparative figures show that the gross debt of cities reporting in both 1937 and 1938 has gone down, the 1938 estimate is higher than that for 1937. This may be attributed to the fact that many of the cities which reported this year but not in 1937 show higher than average gross debt and thus bring up the total.

This year, as in the past, questionnaires were sent to the 310 American cities and 18 Canadian cities over 30,000 population. Two hundred and eighty-six cities responded—of these 15 were Canadian and 271 American. Washington, D. C., which due to its political character has no bonded debt, and Berwyn, Illinois, which sent in only a partial report, were eliminated from the 271 cities, leaving 269 American cities upon which estimates and computations are based. Honolulu, Hawaii, is included in the compilation for the first time this year, but is excluded in all comparisons since figures for previous years are not on record. Canadian cities, although shown in the tabulation, are not included in the comparative tables. The cities are shown grouped together according to population as reported in the 1930 United States census. The 1930 census figures are also used in computing per capita bonded debt, since satisfactory estimates of population as of the present date are not available.

In computing averages, Washington, D. C., is excluded since it has no debt and the averages of group II cities would appear unduly low unless this were done. As in the past, this compilation, which is the sixteenth annual tabulation, is made possible through the generous cooperation of public officials and other public agencies in the various cities reporting.

Comparisons of 1937 and 1938 figures have little significance unless they are put on a comparable basis. For this reason, only the cities reporting in both 1937 and 1938 are used in the tabulations shown below. This eliminates 26 cities which did not report in 1937.

"Net bonded debt less self-supporting" is obtained by deducting all sinking funds and self-supporting utilities from the gross bonded debt.

Tables I and II show the same data, but in Table II the information is put on a per capita basis. A rather marked decrease in both gross bonded debt and net bonded debt excluding self-supporting is apparent. This decrease shows up in the total debt of all cities as a whole and in all but group V cities. Group V cities, with populations from 30,000 to 50,000, show increases in both

TABLE I

COMPARISON OF TOTAL GROSS AND NET BONDED DEBT

243 COMPARABLE AMERICAN CITIES—1937 AND 1938

(in thousand dollars)

	Gross Bonded Debt		*Net Bonded Debt Less Self-Supporting*	
Group	*1937*	*1938*	*1937*	*1938*
I	$2,677,344	$2,647,844	$1,802,009	$1,755,198
II	742,480	732,901	504,931	505,025
III	1,381,707	1,368,283	967,812	951,770
IV	506,482	499,639	394,850	388,727
V	291,777	293,123	226,818	228,547
Total	$5,599,790	$5,541,790	$3,896,420	$3,829,267

TABLE II

COMPARISON OF PER CAPITA GROSS AND NET DEBT

243 COMPARABLE AMERICAN CITIES—1937 AND 1938

		Gross Bonded Debt		*Net Bonded Debt Less Self-Supporting*	
Group	*Population*	*1937*	*1938*	*1937*	*1938*
I	13,898,096	$192.64	$190.52	$129.66	$126.29
II	4,200,512	176.76	174.48	120.21	120.23
III	10,595,009	130.41	129.14	91.35	89.83
IV	4,621,442	109.59	108.11	85.44	84.11
V	3,289,873	88.69	89.10	68.94	69.47
Total	36,604,932	152.98	151.39	106.45	104.61

gross bonded debt and net bonded debt excluding self-supporting. This upward trend was apparent last year when group V cities showed an increase of seventy cents per capita in net debt less self-supporting. The downward trend of the group I, III, and IV cities is also a continuation of last year's trend. While there is a pronounced decrease in the gross debt of group II cities, net debt excluding self-supporting remains the same. This is due to decreased sinking funds in some of the cities in this group. Table III brings out the fact that except for minor variations, downward trends indicated by a comparison of the 1936 and 1937 tabulations continue downward in the 1937-38 comparison and upward trends continue upward. The upward trends, however, are decreasing in rate, whereas the downward trends are becoming more pronounced. In other words, the downward trend has become intensified this year. Starting with a decrease of five cents per capita net debt excluding self-supporting from 1935 to 1936 the 1936-37 decrease became $1.27, and the 1937-38 decrease becomes $1.84.

TABLE III

COMPARISON OF 1936-37 AND 1937-38 PER CAPITA GROSS AND NET BONDED DEBT EXCLUDING SELF-SUPPORTING INCREASES AND DECREASES

	Gross Bonded Debt				*Net Debt Less Self-Supporting*			
	1936 and 1937		*1937 and 1938*		*1936 and 1937*		*1937 and 1938*	
Group	*Increase*	*Decrease*	*Increase*	*Decrease*	*Increase*	*Decrease*	*Increase*	*Decrease*
I	$2.35			$2.12		$2.14		$3.37
II		$1.77		2.28		1.42	$ .02	
III		.34		1.27		1.08		1.52
IV		1.07		1.48		.35		1.33
V		.71	$ .41		$ .70		.53	
Total	.40			1.59		1.27		1.84

TABLE IV

CHANGES IN GROSS AND NET DEBT

243 COMPARABLE AMERICAN CITIES—1937 AND 1938

Group	Gross Bonded Debt			Net Debt Less Self-Supporting		
	Increase	Decrease	Same	Increase	Decrease	Same
I	4	8	0	1	11	0
II	4	6	1	4	6	1
III	21	42	3	19	42	5
IV	13	46	10	14	45	10
V	18	54	13	21	53	11
Total	60	156	27	59	157	27

TABLE V

RANGE OF PER CAPITA NET DEBT LESS SELF-SUPPORTING

269 AMERICAN CITIES REPORTING IN 1938

Group	Highest		Lowest	
I	New York City	$224.18	Milwaukee, Wis.	$75.23
II	Newark, N. J.	211.37	Seattle, Wash.	59.99
III	Miami, Fla.	315.83	Fort Wayne, Ind.	22.90
IV	Atlantic City, N. J.	389.07	Springfield, Ill.	7.03
V	White Plains, N. Y.	340.30	Danville, Ill.	13.52

TABLE VI

COMPARISON OF TOTAL GROSS AND NET BONDED DEBT

179 COMPARABLE AMERICAN CITIES REPORTING IN 1930, 1937, AND 1938)

(in thousand dollars)

Group	Gross Bonded Debt			Net Bonded Debt Less Self-Supporting		
	1930	1937	1938	1930	1937	1938
I	$2,235,601	$2,677,344	$2,647,844	$1,547,755	$1,802,009	$1,755,198
II	622,793	665,424	656,161	380,923	481,648	483,093
III	1,035,579	1,147,548	1,135,232	745,272	816,949	802,126
IV	366,230	392,918	383,212	279,927	303,362	295,460
V	170,952	169,164	175,015	125,463	128,884	135,956
Total	4,431,155	5,052,398	4,997,464	3,079,340	3,532,852	3,471,833

TABLE VII

COMPARISON OF PER CAPITA GROSS AND NET DEBT

179 COMPARABLE AMERICAN CITIES REPORTING IN 1930, 1937, AND 1938

Group	Population	Gross Bonded Debt			Net Bonded Debt Less Self-Supporting		
		1930	1937	1938	1930	1937	1938
I	13,898,096	$160.86	$192.64	$190.52	$111.36	$129.66	$126.29
II	3,834,929	162.40	173.52	171.10	99.33	125.60	125.97
III	8,828,599	117.30	129.98	128.59	84.42	92.53	90.86
IV	3,415,113	107.24	115.05	112.21	81.97	88.83	86.52
V	2,017,881	84.72	83.83	86.73	62.18	63.87	67.38
Total	31,994,618	138.50	157.91	156.20	96.25	110.42	108.51

The decrease in bonded debt is further brought out by table IV which indicates the number of cities which showed increased debt, the number which showed decreased debt and the number where the debt stayed substantially the same. Of the 243 cities reporting in both 1937 and 1938, 156, or 64 per cent, showed decreases in both gross bonded debt and net bonded debt less self-supporting; 59, or 24 per cent, showed increases; and 27, or 11 per cent, showed debt remaining substantially the same. In other words, only 24 per cent of the cities reporting in both

(Continued on Page 330)

(See following pages for tabulation)

BONDED DEBT OF 286 CITIES AS AT JANUARY 1, 1938

Compiled by the Detroit Bureau of Governmental Research, Inc.

From Data Furnished by Members of the Governmental Research Association, City Officials, and Chambers of Commerce

		Census 1930	GROSS BONDED DEBT: General Improvement	Public Schools	Public Utilities	Total	SINKING FUND: Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	NET BONDED DEBT: Total	Excluding Self-supporting	Per Capita Excluding S.S.	Total Gross Special Assessments	Total Special Assessments, General Obligation	
	Group I															
	Population 500,000 and over		$	$	$	$	$				$	$		$	$	
1	New York, N. Y.[1]	6,930,446	700,810,660	347,358,047	1,332,253,317	2,380,422,024	472,325,737	48	..	52	1,908,096,287	1,553,690,293	224.18	99,320,000	99,320,000	1
2	Chicago, Ill.[2]	3,376,438	332,527,917	37,138,500	4,130,000	373,796,417	22,639,335	87	13	..	351,157,082	351,157,082	104.00	18,169,890	N	2
3	Philadelphia, Pa.[3]	1,950,961	545,079,500	70,361,000	.....	615,440,500	171,765,131	82	18	..	443,675,369	383,675,369	196.66	N	N	3
4	Detroit, Mich.[4]	1,568,662	181,911,157	70,790,682	127,175,739	379,877,578	16,159,443	9	N	91	363,718,135	272,991,125	174.03	966,000	966,000	4
5	Los Angeles, Cal.[5]	1,238,048	54,148,343	58,655,098	211,654,341	324,457,782	2,257,457	N	N	100	322,200,325	121,744,691	98.34	8,808,351	N	5
6	Cleveland, Ohio	900,429	80,317,696	11,231,500	26,038,000	117,587,196	8,084,616	53	4	43	109,502,580	86,926,001	96.54	3,365,824	3,365,824	6
7	St. Louis, Mo.	821,960	75,990,000	3,533,000	7,407,000	86,930,000	3,748,669	61	38	1	83,181,331	75,779,220	92.19	N	N	7
8	Baltimore, Md.	804,874	111,083,337	24,292,311	50,248,932	185,624,580	32,446,608	81	4	15	153,177,972	107,927,652	134.09	N	N	8
9	Boston, Mass.[6]	781,188	69,062,133	8,282,000	75,551,700	152,895,833	23,211,813	35	10	55	129,684,020	66,830,878	85.55	..	..	9
10	Pittsburgh, Pa.	669,817	54,085,400	22,149,040	5,680,600	81,915,040	7,808,785	65	27	8	74,106,255	69,035,658	103.07	974,068	974,068	10
11	San Francisco, Cal.[7]	634,394	37,329,700	11,875,000	111,604,000	160,808,700	N	..	..	..	160,808,700	81,156,700	127.93	929,000	..	11
12	Milwaukee, Wis.[8]	578,249	42,107,896	6,357,500	3,044,000	51,509,396	5,157,312	81	15	4	46,342,084	43,501,084	75.23	..	..	12
13	Buffalo, N. Y.	573,076	83,034,804	16,341,750	17,623,929	117,000,483	10,023,686	49	..	51	106,976,797	94,471,947	164.85	143,250	143,250	13
	Group II															
	Population 300,000 to 500,000															
14	Washington, D. C.	486,869	No Bonded Debt													14
15	Minneapolis, Minn.	464,356	34,488,623	17,542,924	10,390,000	62,421,547	3,692,021	54	33	13	58,729,526	55,661,796	119.87	6,436,711	1,755,047	15
16	New Orleans, La.[9]	458,762	47,140,000	6,334,000	3,500,000	56,974,000	N	..	..	..	56,974,000	53,474,000	116.56	4,647,620	4,647,620	16
17	Cincinnati, Ohio[10]	451,160	39,719,371	12,986,000	38,390,639	91,096,010	28,562,668	36	9	55	62,533,342	33,526,756	74.31	2,965,996	2,965,996	17
18	Newark, N. J.[11]	442,337	87,840,611	18,457,200	21,330,000	127,627,811	17,520,842	49	32	19	110,106,969	93,495,576	211.37	..	..	18
19	Kansas City, Mo.[12]	399,746	27,815,000	19,971,000	14,013,000	61,799,000	4,338,200	6	94	..	57,460,800	57,460,800	143.74	495,293	N	19

*=Estimated.

N=None.

[1]**New York City.** General debt includes $99,320,000 special assessment and $48,700,000 work relief bonds. The water bonds, 6.6% of rapid transit and 35.7% of dock bonds are self-supporting. Although revenues of docks will provide debt service for 50% of dock bonds, the Supreme Court has set the lower figure as the legal amount of self-supporting bonds.

[2]**Chicago.** General debt includes $109,149,700 park bonds and $110,819,217 sanitary district bonds, which is 84.4% of total debt of district of which $17,486,743 had been refunded; county debt of $37,922,410 and $13,746,750 forest preserve district debt not included, although 83% of taxable values of county and forest preserve district are in Chicago. Sinking funds represent total cash and securities available for principal payments (interest payments deducted).

[3]**Philadelphia.** General debt includes utility debt with self-supporting debt estimated at $60,000,000. There has been no county debt since the consolidation of the city and county in 1854.

[4]**Detroit.** Utility debt includes $3,300,000 sewage disposal bonds sold to W.P.A.

[5]**Los Angeles.** General debt includes $17,393,481 flood control based on proportion of taxable values within the city. School bonds are issued by county with city's prorated share shown. City's portion of county debt of $2,561,500 not included.

[6]**Boston.** County debt not included though city assumes full burden. Tunnel bonds included under utility treated as self-supporting although revenue provides for only 80% of debt service.

[7]**San Francisco.** Golden Gate Bridge and highway district bonds of $31,500,000 not included although if not self-supporting, city will assume 85%. Debt reported as of March 22, 1938.

[8]**Milwaukee.** General debt includes $17,302,496 Metropolitan Sewage District, which is city's share of total debt of district, and $2,663,400 county debt for relief purposes which was not included last year.

[9]**New Orleans.** General debt includes sewer, water, and drainage bonds. Public Belt Bridge revenue bonds of $5,166,000, port (a state agency) of $36,813,000, and Orleans Levee District of $20,839,000 are not included.

[10]**Cincinnati.** The annual rental of the Cincinnati Southern Railroad exceeds the debt charges on its construction bonds, the excess being equivalent to debt charges on approximately $12,000,000 25-year, 3.5% bonds; self-supporting debt is computed on this basis.

[11]**Newark.** General debt includes city railway (subway) not self-supporting, and under New Jersey law water debt is not entirely self-supporting.

[12]**Kansas City, Mo.** Water debt is not self-supporting although it has been treated as such in the past.

		Census 1930	GROSS BONDED DEBT				SINKING FUND				NET BONDED DEBT			Total Gross Special Assessments	Total Special Assessments, General Obligation	
			General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S.S.			
20	Seattle, Wash.[13]	365,583	13,927,000	8,556,000	54,257,428	76,740,428	550,899	100	..	N	76,189,529	21,932,101	59.99	18,205,719	1,397,000	20
21	Indianapolis, Ind.[14]	364,161	15,320,771	9,743,000	8,000,000	33,063,771	2,803,406	35	65	N	30,260,365	22,260,365	61.13	947,410	N	21
22	Rochester, N. Y.[15]	328,132	40,478,000	15,121,500	6,123,000	61,722,500	4,913,118	50	21	29	56,809,382	52,108,493	158.80	6,623,500	1,149,000	22
23	Jersey City, N. J.[16]	316,715	47,388,167	12,715,500	14,248,255	74,351,922	6,826,320	31	20	49	67,525,602	56,654,474	178.88	N	N	23
24	Louisville, Ky.[17]	307,745	30,335,400	10,966,400	1,079,000	42,380,800	7,787,568	89	..	11	34,593,232	34,337,830	111.58	..	..	24
25	Portland, Ore.[18]	301,815	20,642,713	6,610,641	17,469,000	44,722,354	7,226,027	43	N	57	37,496,327	24,113,027	79.89	4,465,215	N	25
	Group III															
	Population 100,000 to 300,000															
26	Houston, Texas	292,352	29,228,500	11,681,250	2,096,000	43,005,750	5,865,477	77	23	N	37,140,273	35,044,273	119.87	N	N	26
27	Toledo, Ohio	290,718	24,629,500	13,997,500	579,000	39,206,000	3,524,289	65	32	3	35,681,711	35,254,046	121.27	294,633	294,633	27
28	Columbus, Ohio[19]	290,564	24,980,783	7,408,168	6,191,500	38,580,451	5,844,598	..	..	..	32,735,853	28,821,151	99.19	3,123,703	3,123,703	28
29	Denver, Colo.[20]	287,861	7,645,000	7,352,000	39,030,200	54,027,200	743,842	13	N	87	53,283,358	23,068,196	80.14	4,398,900	N	29
30	Oakland, Cal.	284,063	3,228,215	11,462,000	43,726,587	58,416,802	N	..	..	..	58,416,802	21,513,215	75.73	N	N	30
31	St. Paul, Minn.[17]	271,606	21,095,000	10,298,000	6,905,000	38,298,000	6,962,740	81	..	19	31,335,260	25,787,358	94.94	6,000,000	..	31
32	Atlanta, Ga.	270,366	8,963,000	4,560,000	1,777,000	15,300,000	1,391,856	65	24	11	13,908,644	12,287,038	45.45	72,800	72,800	32
33	Dallas, Texas[21]	260,475	19,320,500	7,113,750	11,820,000	38,254,250	3,058,028	68	..	32	35,196,222	24,368,099	93.55	..	..	33
34	Birmingham, Ala.[22]	259,678	13,250,000	9,156,000	3,250,000	25,656,000	3,753,212	..	..	..	21,902,788	18,652,788	71.83	878,000	878,000	34
35	Akron, Ohio	255,040	24,431,484	6,014,692	9,343,392	39,789,568	2,693,671	23	11	66	37,095,897	29,535,898	115.81	2,629,500	2,629,500	35
36	Memphis, Tenn.[23]	253,143	16,280,000	5,670,000	8,066,000	30,016,000	2,066,163	65	20	15	27,949,837	20,196,801	79.78	607,000	607,000	36
37	Providence, R. I.	252,981	29,874,500	13,425,000	18,000,000	61,299,500	16,734,750	50	18	32	44,564,750	31,944,082	126.27	N	N	37
38	San Antonio, Texas	231,542	14,928,500	6,798,000	6,159,000	27,885,500	562,172	59	19	22	27,323,328	21,285,452	91.93	..	..	38
—	Honolulu, Hawaii[24]	218,807	6,207,209	.....	8,590,000	14,797,209	943,508	..	..	..	13,853,701	5,763,701	73.66	..	..	—
39	Omaha. Neb.	214,006	11,158,475	8,422,000	6,156,000	25,736,475	6,698,097	13	21	66	19,038,378	17,282,028	80.75	6,075,000	3,220,250	39
40	Syracuse, N. Y.	209,326	28,623,080	6,976,009	5,517,500	41,116,589	1,500,000	100	..	..	39,616,589	34,099,089	162.90	1,002,000	N	40
41	Dayton, Ohio	200,982	6,989,844	6,646,299	6,143,000	19,779,143	2,475,236	63	N	37	17,303,907	14,228,930	70.80	727,789	727,789	41
42	Worcester, Mass.	195,311	9,063,000	276,000	2,754,800	12,093,800	434,090	100	N	N	11,659,710	8,904,910	45.59	N	N	42
43	Oklahoma City, Okla.	185,389	8,947,300	5,109,023	4,517,600	18,573,923	5,949,720	32	25	43	12,624,203	10,634,403	57.36	3,276,259	N	43
44	Richmond, Va.[25]	182,929	24,848,862	6,702,688	7,255,550	38,807,100	14,623,363	67	14	19	24,183,737	19,739,515	107.91	N	N	44
45	Youngstown, Ohio	170,002	6,796,352	1,739,000	805,000	9,340,352	422,364	84	16	N	8,917,988	8,112,988	47.72	410,000	410,000	45
46	Grand Rapids, Mich.	168,592	7,153,400	2,616,996	2,800,000	12,570,396	2,551,090	50	N	50	10,019,306	8,484,476	50.33	1,637,200	1,637,200	46
47	Hartford, Conn.	164,072	11,892,000	5,909,000	2,730,000	20,531,000	3,588,360	53	37	10	16,942,640	14,595,275	88.96	N	N	47
48	Fort Worth, Texas	163,447	13,462,500	6,777,500	7,998,000	28,238,000	1,455,249	34	63	3	26,782,751	18,828,751	115.20	N	N	48
49	New Haven, Conn.	162,655	12,823,000	323,000	N	13,146,000	1,075,232	83	17	N	12,070,768	12,070,768	74.21	N	N	49
50	Flint, Mich.	156,492	6,878,186	6,287,000	1,960,500	15,125,686	2,961,228	27	42	31	12,164,458	11,115,148	71.03	1,111,000	1,111,000	50
51	Nashville, Tenn.	153,866	10,047,000	2,735,000	3,367,000	16,149,000	1,371,117	77	13	10	14,777,883	11,621,511	75.53	410,000	..	51
52	Springfield, Mass.	149,900	7,524,250	1,457,250	6,384,000	15,365,500	N	..	..	..	15,365,500	8,981,500	59.92	..	..	52
53	San Diego, Cal.	147,995	3,026,356	4,028,875	11,037,784	18,093,015	N	..	..	..	18,093,015	18,093,015	122.25	3,771,136	N	53

[13]**Seattle.** The school debt shown is the net debt.

[14]**Indianapolis.** Utility debt is for gas only. School debt includes $613,000 library debt.

[15]**Rochester.** General debt includes $3,900,000 tax revenue bonds and $6,623,500 special assessment bonds.

[16]**Jersey City.** Debt reported as of February 28, 1938.

[17]**Louisville, St. Paul.** School sinking fund included in general sinking fund.

[18]**Portland, Ore.** General debt includes city's share of port debt, $1,965,413. School debt is city's share of school district No. 1.

[19]**Columbus.** A special assessment overdraft of $1,709,045 has been deducted from sinking fund.

[20]**Denver.** Utility debt includes $13,613,600 tunnel bonds of which 40% is estimated as self-supporting this year, although previously shown as not self-supporting.

[21]**Dallas, Tulsa.** Debt reported as of March 31, 1938.

[22]**Birmingham.** Utility debt is for Industrial Water Works and consists of special revenue bonds, not tax obligation bonds. Debt reported as of March 15, 1938.

[23]**Memphis.** Debt reported as of March 2, 1938.

[24]**Honolulu.** Bonded debt of combined city and county reported. School debt, except for buildings, is issued by the territory and not the city and county.

[25]**Richmond.** Debt reported as of January 31, 1938.

		Census 1930	GROSS BONDED DEBT General Improvement	Public Schools	Public Utilities	Total	SINKING FUND Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	NET BONDED DEBT Total	Excluding Self-supporting	Per Capita Excluding S.S.	Total Gross Special Assessments	Total Special Assessments, General Obligation	
54	Bridgeport, Conn.	146,716	10,797,000	3,233,000	N	14,030,000	N	..	..	..	14,030,000	14,030,000	95.63	N	N	54
55	Scranton, Pa.	143,433	2,064,000	5,971,000	N	8,035,000	69,455	75	25	N	7,965,545	7,965,545	55.53	752,118	..	55
56	Des Moines, Iowa	142,559	5,341,623	7,062,000	4,703,000	17,306,623	514,377	N	N	100	16,792,246	12,603,623	88.41	..	..	56
57	Long Beach, Cal.[26]	142,032	9,352,548	9,542,857	5,585,000	24,480,405	N	..	..	..	24,480,405	18,895,405	133.04	N	N	57
58	Tulsa, Oklahoma[21]	141,258	8,941,049	5,000,000*	3,768,000	17,709,049	2,768,646	100	..	..	14,940,403	11,172,403	79.09	..	..	58
59	Salt Lake City, Utah	140,267	4,171,500	3,761,000	4,409,500	12,342,000	294,407	85	15	..	12,047,593	7,638,093	54.45	210,100	..	59
60	Paterson, N. J.	138,513	11,489,864	5,565,800	13,934,000	30,989,664	1,406,831	90	10	N	29,582,833	15,648,833	112.98	N	N	60
61	Yonkers, N. Y.	134,646	19,815,600	8,367,650	5,151,000	33,334,250	N	..	..	..	33,334,250	28,183,250	209.31	1,906,600	1,906,600	61
62	Norfolk, Va.[27]	129,710	19,820,354	6,050,381	14,404,865	40,275,600	13,071,868	60	..	40	27,203,732	17,997,503	138.75	N	N	62
63	Jacksonville, Fla.[28] [29]	129,549	5,527,500	3,128,000	5,602,500	14,258,000	489,933	..	..	..	13,768,067	10,443,192	80.61	842,000	842,000	63
64	Albany, N. Y.	127,412	12,831,000	5,008,750	13,059,000	30,898,750	1,638,106	99	..	1	29,260,644	16,218,810	127.29	686,500	686,500	64
65	Trenton, N. J.	123,356	11,746,760	6,614,713	1,267,000	19,628,473	2,114,949	46	32	22	17,513,524	16,723,070	135.57	86,000	N	65
66	Kansas City, Kan.	121,857	4,297,123	2,320,000	5,703,000	12,320,123	3,595,090	7	N	93	8,725,033	6,365,336	52.24	214,695	N	66
67	Chattanooga, Tenn.[30]	119,798	12,690,100	2,095,000	100,000	14,885,100	709,064	..	..	..	14,176,036	14,176,036	118.33	1,183,163	1,183,163	67
68	Camden, N. J.	118,700	21,813,505	3,804,000	1,529,500	27,147,005	1,738,805	65	24	11	25,408,200	24,067,428	202.76	N	N	68
69	Erie, Pa.	115,967	5,482,000	5,257,000	1,320,000	12,059,000	166,166	100	..	..	11,892,834	10,572,834	91.17	36,000	36,000	69
70	Spokane, Wash.	115,514	2,455,000	752,000	678,000	3,885,000	321,687	23	7	70	3,563,313	3,112,391	26.94	1,506,329	N	70
71	Fall River, Mass.	115,274	4,846,000	1,329,000	160,000	6,335,000	546,000	100	..	..	5,789,000	5,629,000	48.83	N	N	71
72	Fort Wayne, Ind.	114,946	622,600	2,010,000	1,886,000	4,518,600	N	..	..	..	4,518,600	2,632,600	22.90	..	..	72
73	Elizabeth, N. J.	114,589	6,718,736	5,562,350	4,575,000	16,856,086	664,083	..	..	..	16,192,003	11,617,003	101.38	..	..	73
74	Cambridge, Mass.	113,643	8,038,000	1,153,000	806,000	9,997,000	2,350,889	98	..	2	7,646,111	6,883,611	60.57	N	N	74
75	New Bedford, Mass.	112,597	4,933,000	1,569,000	1,252,000	7,754,000	888,630	100	N	N	6,865,370	6,865,370	60.97	N	N	75
76	Reading, Pa.	111,171	3,644,000	7,206,000	2,469,000	13,319,000	594,114	46	47	7	12,724,886	10,299,000	92.64	372,500	N	76
77	Wichita, Kan.	111,110	3,765,261	3,419,500	N	7,184,761	N	..	..	..	7,184,761	7,184,761	64.66	1,929,370	1,929,370	77
78	Miami, Fla.	110,637	27,953,000	7,342,000	1,857,000	37,152,000	397,000	..	89	11	36,755,000	34,943,000	315.83	131,000	131,000	78
79	Tacoma, Wash.	106,817	2,313,500	1,312,000	11,265,845	14,891,345	90,200	90	N	10	14,801,145	3,544,300	33.18	884,496	873,996	79
80	Wilmington, Del.[31]	106,597	5,396,650	931,000	6,975,000	13,302,650	1,689,966	100	..	..	11,612,684	7,247,684	67.99	..	..	80
81	Knoxville, Tenn.	105,802	19,161,005	2,466,000	4,560,036	26,187,041	2,251,781	87	N	13	23,935,260	19,661,876	185.84	..	..	81
82	Peoria, Ill.	104,969	2,773,000	840,500	N	3,613,500	N	..	..	..	3,613,500	3,613,500	34.42	1,033,148	N	82
83	Canton, Ohio	104,906	4,158,135	4,773,000	757,000	9,688,135	1,749,429	53	47	N	7,938,706	7,181,706	68.46	595,419	N	83
84	South Bend, Ind.	104,193	2,144,250	2,334,000	675,000	5,153,250	347,844	45	..	55	4,805,406	4,320,170	41.46	3,500,000	N	84
85	Somerville, Mass.	103,908	2,489,105	1,877,000	108,000	4,474,105	N	..	..	..	4,474,105	4,474,105	43.06	100,000	100,000	85
86	El Paso, Texas[32]	102,421	3,553,500	2,130,000	1,878,000	7,561,500	1,203,063	75	17	8	6,358,437	4,576,486	44.68	497,500	N	86
87	Lynn, Mass.	102,320	3,680,500	1,933,000	415,000	6,028,500	104,953	100	..	N	5,923,547	5,508,547	53.84	N	N	87
88	Evansville, Ind.	102,249	1,298,200	1,902,500	1,779,000	4,979,700	75,338	52	N	48	4,904,362	3,415,862	33.41	119,363	N	88
89	Utica, N. Y.	101,740	10,379,226	1,605,093	N	11,984,319	186,937	..	..	..	11,797,382	11,797,382	115.96	..	..	89
90	Duluth, Minn.	101,463	4,655,667	3,090,000	1,930,000	9,675,667	N	..	..	..	9,675,667	7,745,667	76.34	150,000	N	90
91	Tampa, Fla.	101,161	Not Reporting													91
92	Gary, Ind.	100,426	2,079,297	3,339,000	N	5,418,297	112,694	59	41	N	5,305,603	5,305,603	52.83	3,624,849	N	92
93	Lowell, Mass.	100,234	3,336,230	506,000	375,500	4,217,730	N	..	..	..	4,217,730	3,842,230	38.33	N	N	93

[26]**Long Beach.** Water debt is city's portion (8%) of Metropolitan Water District.

[27]**Norfolk.** General sinking fund includes school.

[28]This city, in common with a number of others, is not directly responsible for the school debt which is issued either by the school district directly or by the county. As school debt is a customary city debt burden, for comparative purposes the city's share of the school debt shown is either the total debt burden of the district, or is apportioned on a basis of assessed values or population.

[29]**Jacksonville.** This year, for the first time, docks have been considered as not self-supporting, increasing net bonded debt excluding self-supporting by $2,205,000.

[30]**Chattanooga.** Debt shown as of September 30, 1937.

[31]**Wilmington.** Debt reported as at June 30, 1937.

[32]**El Paso.** Debt reported as of March 1, 1938.

		Census 1930	GROSS BONDED DEBT General Improvement	Public Schools	Public Utilities	Total	SINKING FUND Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	NET BONDED DEBT Total	Excluding Self-supporting	Per Capita Excluding S.S.	Total Gross Special Assessments	Total Special Assessments, General Obligation	
	Group IV															
	Population 50,000 to 100,000															
94	Waterbury, Conn.	99,902	10,504,500	1,370,000	6,642,000	18,516,500	150,000	100	N	N	18,366,500	11,724,500	117.36	N	N	94
95	Schenectady, N. Y.	95,692	9,718,300	1,594,000	395,000	11,707,300	511,474	99	..	1	11,195,826	10,804,565	112.91	1,045,000	1,045,000	95
96	Sacramento, Cal.	93,750	3,489,100	5,845,000	3,751,000	13,085,100	N	..	..	..	13,085,100	9,334,100	99.56	608,415	N	96
97	Allentown, Pa.	92,563	4,883,900	4,137,500	740,000	9,761,400	427,152	79	15	6	9,334,248	8,617,956	93.10	261,700	N	97
98	Bayonne, N. J.	88,979	5,007,000	4,286,000	4,176,000	13,469,000	N	..	..	..	13,469,000	9,293,000	104.44	N	N	98
99	Wilkes-Barre, Pa.	86,626	2,950,600	759,000	N	3,709,600	60,540	64	36	N	3,649,060	3,649,060	42.12	..	..	99
100	Rockford, Ill.	85,864	293,000	790,000	75,000	1,158,000	110,500	30	47	23	1,047,500	997,500	~~16.17~~	1,080,000	N	100
101	Lawrence, Mass.	85,068	1,937,165	658,500	498,500	3,094,165	N	..	..	..	3,094,165	3,094,165	36.37	N	N	101
102	Savannah, Ga.	85,024	3,357,500	650,000	164,000	4,171,500	131,000	100	N	N	4,040,500	3,876,500	45.59	22,663	N	102
103	Charlotte, N. C.	82,675	6,304,052	1,499,000	2,998,948	10,802,000	566,416	52	12	36	10,235,584	7,441,255	90.01	1,829,364	1,829,364	103
104	Berkeley, Cal.	82,109	640,525	1,619,250	7,750,000	10,009,775	396,700	N	N	100	9,613,075	2,259,775	27.52	79,572	79,572	104
105	Altoona, Pa.	82,054	1,498,000	3,648,000	709,000	5,855,000	610,253	62	32	6	5,244,747	4,572,549	55.73	1,172,000	N	105
106	Little Rock, Ark.	81,679	Not Reporting													106
107	St. Joseph, Mo.	80,935	3,737,000	2,267,000	N	6,004,000	81,416	88	12	N	5,922,584	5,922,584	73.18	N	N	107
108	Saginaw, Mich.[33]	80,715	546,000	603,000	2,342,000	3,591,000	N	..	..	..	3,591,000	3,591,000	44.49	390,000	N	108
109	Harrisburg, Pa.	80,339	2,669,820	2,195,500	907,080	5,772,400	58,093	1	99	N	5,714,307	4,807,227	59.84	166,100	..	109
110	Sioux City, Iowa[34]	79,183	2,738,000	1,581,000	595,000	4,914,000	362,032	68	32	..	4,551,968	3,956,968	49.97	85,718	N	110
111	Lansing, Mich.	78,397	1,455,000	N	1,207,000	2,662,000	1,190,173	13	..	87	1,471,827	1,297,093	16.55	N	N	111
112	Pawtucket, R. I.	77,149	8,921,000	3,745,000	2,833,000	15,499,000	2,856,135	48	37	15	12,642,865	10,235,851	132.68	2,929,000	2,929,000	112
113	Manchester, N. H.	76,834	2,846,740	624,260	144,000	3,615,000	N	..	..	..	3,615,000	3,525,000	45.87	N	N	113
114	Binghamton, N. Y.	76,662	3,698,000	3,412,050	40,000	7,150,050	97,468	100	N	N	7,052,582	7,012,582	91.47	N	N	114
115	Shreveport, La.	76,655	5,908,500	863,000	2,941,500	9,713,000	295,447	71	7	22	9,417,553	9,038,553	117.91	..	..	115
116	Pasadena, Cal.	76,086	3,403,453	3,304,800	6,192,397	12,900,650	83,917	N	N	100	12,816,733	6,708,253	88.17	2,803,244	N	116
117	Lincoln, Neb.	75,933	1,042,596	3,436,000	1,815,000	6,293,596	460,196	9	N	91	5,833,400	4,437,631	58.44	360,608	360,608	117
118	Huntington, W. Va.	75,572	1,472,000	673,500	N	2,145,500	406,089	100	N	N	1,739,411	1,739,411	23.02	..	..	118
119	Niagara Falls, N. Y.	75,460	7,779,750	6,984,210	2,002,130	16,766,090	531,419	N	N	100	16,234,671	14,763,960	195.65	388,196	N	119
120	Winston-Salem, N. C.	75,274	Not Reporting													120
121	East St. Louis, Ill.	74,347	Not Reporting													121
122	Troy, N. Y.	72,763	6,143,020	1,060,325	636,825	7,840,170	N	..	..	..	7,840,170	7,203,345	99.00	..	..	122
123	Quincy, Mass.	71,983	Not Reporting													123
124	Springfield, Ill.	71,864	86,000	474,000	4,312,000	4,872,000	144,696	38	N	62	4,727,304	504,948	7.03	242,470	N	124
125	Portland, Me.	70,810	3,125,113	1,810,197	N	4,935,310	35,080	100	..	N	4,900,230	4,900,230	69.20	N	N	125
126	Lakewood, Ohio	70,509	1,644,470	2,800,000*	132,000	4,576,470	494,993	100	N	..	4,081,477	3,949,477	94.40	39,540	39,540	126
127	Roanoke, Va.	69,206	4,167,000	2,650,000	N	6,817,000	1,034,008	..	..	..	5,782,992	5,782,992	83.56	N	N	127
128	Springfield, Ohio	68,743	3,760,018	1,302,000	270,000	5,332,018	406,081	100	..	..	4,925,937	4,655,937	67.73	214,000	N	128
129	Mobile, Ala.	68,202	4,913,923	950,000	1,753,000	7,616,923	3,334	..	..	..	7,613,589	5,376,589	78.83	4,045 754	..	129
130	New Britain, Conn.	68,128	1,486,000	2,711,000	1,566,000	5,763,000	542,014	40	25	35	5,220,986	3,843,935	56.42	N	N	130
131	East Orange, N. J.	68,020	7,465,500	3,717,445	648,000	11,830,945	862,804	16	58	26	10,968,141	10,547,621	155.07	..	..	131
132	Racine, Wis.	67,542	2,719,000	1,234,000	841,000	4,794,000	176,000	100	N	N	4,618,000	3,777,000	55.92	121,450	N	132
133	Johnstown, Pa.	66,993	4,338,000	4,454,000	N	8,792,000	1,316,387	81	19	N	7,475,613	7,475,613	111.59	N	N	133
134	Cicero, Ill.	66,602	Not Reporting													134
135	Atlantic City, N. J.[35]	66,198	25,755,800	.....	2,257,000	28,012,800	N	..	..	..	28,012,800	25,755,800	389.07	..	..	135
136	Montgomery, Ala.	66,079	Not Reporting													136

[33]**Saginaw.** In the past the utility debt has been considered one-third self-supporting. This year it has been reported as not self-supporting.

[34]**Sioux City.** Debt reported as of March 1, 1938.

[35]**Atlantic City.** Under the refunding agreement water bonds are included as a part of the city budget, although self-supporting. School bonds are included in general debt.

		Census 1930	GROSS BONDED DEBT				SINKING FUND				NET BONDED DEBT			Total Gross Special Assessments	Total Special Assessments, General Obligation	
			General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S.S.			
137	Newton, Mass.	65,276	3,948,000	2,050,000	586,000	6,584,000	111,296	100	N	N	6,472,704	5,886,704	90.18	N	N	137
138	Covington, Ky.	65,252	1,331,700	988,000	2,268,000	4,587,700	N	..	..	..	4,587,700	2,319,700	35.55	N	N	138
139	Pontiac, Mich.	64,928	3,474,250	3,100,000	1,327,000	7,901,250	623,756	20	80	..	7,277,494	5,950,494	91.65	1,542,000	1,542,000	139
140	Hammond, Ind.	64,560	1,463,670	1,604,000	1,275,000	4,342,670	116,296	37	22	41	4,226,374	2,998,463	46.44	4,783,597	N	140
141	Topeka, Kan.	64,120	900,017	1,907,360	553,200	3,360,577	406,730	N	N	100	2,953,847	2,807,377	43.78	475,248	N	141
142	Oak Park, Ill.	63,982	951,500	2,329,000	1,195,000	4,475,500	603,815	N	100	N	3,871,685	2,676,685	41.83	411,471	N	142
143	Brockton, Mass.	63,797	1,280,000	130,000*	727,600	2,137,600	N	..	..	..	2,137,600	1,410,000	22.10	..	..	143
144	Evanston, Ill.	63,338	Not Reporting													144
145	Passaic, N. J.	62,959	8,363,500	2,038,750	7,441,000	17,843,250	1,238,500	79	21	..	16,604,750	9,163,750	145.55	..	..	145
146	**Terre Haute, Ind.**	**62,810**	**Not Reporting**													146
147	Glendale, Calif.	62,736	1,301,250	4,393,425	334,000	6,028,675	N	..	..	..	6,028,675	5,694,675	90.77	116,860	N	147
148	Charleston, S. C.	62,265	5,015,000	635,000	4,540,000	10,210,000	855,750	..	20	80	9,354,250	5,497,250	88.29	596,000	250,000	148
149	Wheeling, W. Va.	61,659	864,500	314,500	1,369,000	2,548,000	N	..	..	..	2,548,000	2,548,000	41.32			149
150	Mount Vernon, N. Y.	61,499	7,096,300	4,305,050	2,630,000	14,031,350	1,857,887	26	N	74	12,173,463	10,913,270	177.45	N	N	150
151	Davenport, Iowa	60,751	1,958,217	528,000	N	2,486,217	104,198	100	..	N	2,382,019	2,382,019	39.21	212,015	..	151
152	**Charleston, W. Va.**	60,408	**Not Reporting**													152
153	**Augusta, Ga.**	60,342	**Not Reporting**													153
154	**Lancaster, Pa.**	59,949	**Not Reporting**													154
155	**Medford, Mass.**	59,714	**Not Reporting**													155
156	Hoboken, N. J.	59,261	Not Reporting													156
157	Chester, Pa.	59,164	2,947,000	2,030,000	N	4,977,000	1,408,617	32	68	N	3,568,383	3,568,383	60.31	413,600	N	157
158	Union City, N. J.	58,659	5,796,718	1,777,000	N	7,573,718	601,249	96	4	N	6,972,469	6,972,469	118.86	33,000	33,000	158
159	Malden, Mass.	58,036	2,271,000	517,000	98,000	2,886,000	269,364	100	..	..	2,616,636	2,518,636	43.40	N	N	159
160	Madison, Wis.	57,899	2,454,500	1,996,000	304,000	4,754,500	30,334	N	100	N	4,724,166	4,574,166	79.00	287,100	N	160
161	Bethlehem, Pa.	57,892	2,064,900	3,156,000	933,500	6,154,400	1,427,365	32	59	9	4,727,035	3,928,702	67.85			161
162	Beaumont, Texas	57,732	4,515,500	2,056,638	2,636,750	9,208,888	404,888	37	22	41	8,804,000	8,300,000	143.77	N	N	162
163	San Jose, Cal.	57,651	1,016,750	1,467,000	N	2,483,750	N	..	..	..	2,483,750	2,483,750	43.08	106,786	N	163
164	Springfield, Mo.	57,527	1,311,000	1,473,500	N	2,784,500	131,724	100	..	N	2,652,776	2,652,776	46.11	..	..	164
165	**Decatur, Ill.**	57,510	**Not Reporting**													165
166	**Irvington, N. J.**	56,733	**Not Reporting**													166
167	Holyoke, Mass.	56,537	679,000	473,000	1,092,000	2,244,000	N		..	..	2,244,000	1,152,000	20.38	N	N	167
168	Hamtramck, Mich.	56,268	3,304,033	2,985,000	491,000	6,780,033	800,146	34	66	..	5,979,887	5,979,887	106.28	N	N	168
169	Cedar Rapids, Iowa	56,097	1,477,600	1,651,500	1,125,000	4,254,100	361,366	N	100	N	3,892,734	2,767,734	49.34	N	N	169
170	York, Pa.	55,254	1,002,500	1,664,000	N	2,666,500	345,356	68	32	N	2,321,144	2,321,144	42.01	19,100	N	170
171	Jackson, Mich.[40]	55,187	1,630,000	1,674,000	1,380,500	4,684,500	N	..	..	..	4,684,500	4,114,500	74.56	232,000	N	171
172	Kalamazoo, Mich.	54,786	N	1,664,000	N	1,664,000	N	..	..	..	1,664,000	1,664,000	30.37	60,000	60,000	172
173	East Chicago, Ind.	54,784	Not Reporting													173
174	McKeesport, Pa.[36]	54,632	1,618,000	1,292,000	164,000	3,074,000	307,183	66	34	N	2,766,817	2,766,817	50.64	462,694	N	174
175	New Rochelle, N. Y.	54,000	8,796,700	5,519,676	N	14,316,376	332,522	..	..	..	13,983,854	13,983,854	258.96	..	..	175
176	Macon, Ga.	53,829	738,000	990,000	90,000	1,818,000	N		..	..	1,818,000	1,728,000	32.10	..	..	176
177	Greensboro, N. C.	53,569	11,066,502	852,133	2,724,497	14,643,132	455,319	82	N	18	14,187,813	11,545,102	215.52	4,266,104	4,266,104	177
178	Austin, Texas	53,120	3,207,000	1,316,000	1,811,500	6,334,500	90,113		19	81	6,244,387	4,505,584	84.82	N	N	178
179	Highland Park, Mich.	52,959	1,502,000	3,055,000	406,686	4,963,686	2,325,273	53	34	13	2,638,413	2,535,274	47.87	30,700	30,700	179
180	Galveston, Texas	52,938	5,132,000	1,555,000	555,000	7,242,000	548,740	78	15	7	6,693,260	5,452,571	103.00	N	N	180
181	Waco, Texas	52,848	Not Reporting													181
182	Fresno, Cal.	52,513	695,000	3,165,000	2,165,000	6,025,000	520,272	61	39	..	5,504,728	3,339,728	63.60	..		182

[40]**Jackson.** Debt as of June 30, 1938.

[36]**McKeesport.** City debt reported as of January 3, 1938; school debt as of July 5, 1937.

		Census 1930	GROSS BONDED DEBT				SINKING FUND				NET BONDED DEBT			Total Gross Special Assessments	Total Special Assessments, General Obligation	
			General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S.S.			
183	Hamilton, Ohio	52,176	1,172,004	1,194,000	1,118,290	3,584,294	40,389	55	45	..	3,543,905	2,425,615	46.49	181,502	181,502	183
184	Durham, N. C.	52,037	4,221,415	1,436,261	3,538,000	9,195,676	397,264	100	N	N	8,798,412	5,260,412	101.09	1,830,521	946,197	184
185	Columbia, S. C.	51,581	Not Reporting													185
186	Cleveland Heights, Ohio	50,945	951,698	5,438,500	N	6,390,198	997,339	44	56	N	5,392,859	5,392,859	105.86	888,456	888,456	186
187	Port Arthur, Texas[37]	50,902	3,913,900	2,178,000	729,500	6,821,400	287,635	82	17	1	6,533,765	4,342,483	85.31	N	N	187
188	Dearborn, Mich.[38]	50,358	11,086,000	6,298,000	2,261,000	19,645,000	4,988,150	84	N	16	14,656,850	13,217,860	97.38	3,900	N	188
189	Kenosha, Wis.[39]	50,262	399,000	2,481,000	25,000	2,905,000	N	..	..	..	2,905,000	2,905,000	57.80	254,302	N	189
190	Asheville, N. C.	50,193	14,992,554	2,710,500	5,436,409	23,139,463	N	..	..	..	23,139,463	17,703,054	352.70	N	N	190
191	Pueblo, Colo.	50,096	828,000	1,327,000	1,085,000	3,240,000	62,044	..	21	79	3,177,956	2,142,094	42.76	810,000	..	191
	Group V															
	Population 30,000 to 50,000															
192	Pittsfield, Mass.	49,677	578,000	697,000	252,000	1,527,000	N	..	..	..	1,527,000	1,527,000	30.74		..	192
193	Woonsocket, R. I.	49,376	5,036,000	1,031,000	781,000	6,848,000	1,341,408	91	9	..	5,506,592	4,725,592	95.71	N	N	193
194	Haverhill, Mass	48,710	1,254,000	96,000	118,000	1,468,000	22,000	100	N	N	1,446,000	1,328,000	27.26	..	..	194
195	New Castle, Pa.	48,674	928,000	2,150,000	N	3,078,000	131,404	100	N	N	2,946,596	2,946,596	60.54	..	..	195
196	Everett, Mass.	48,424	948,400	772,000	107,000	1,827,400	85,821	100	N	N	1,741,579	1,634,579	33.76	..		196
197	Jackson, Miss.	48,282	4,676,210	..	993,683	5,669,893	3,000	100	N	N	5,666,893	4,673,210	96.79	292,683	N	197
198	Phoenix, Ariz.	48,118	2,022,000	2,953,000	6,826,000	11,801,000	789,445	4	96	N	11,011,555	4,185,555	86.99	856,024	N	198
199	Stockton, Cal.	47,963	3,060,150	580,000	N	5,890,150	N	..	..	..	5,890,150	5,890,150	122.96	..	..	199
200	Brookline, Mass.	47,490	387,000	1,133,500	286,000	1,806,500	N	..	..	..	1,806,500	1,806,500	38.04	..	..	200
201	Elmira, N. Y.	47,397	1,850,400	590,000	480,000	2,920,400	N	..	..	..	2,920,400	2,440,400	51.49	N	N	201
202	Bay City, Mich.	47,355	427,000	640,600	1,421,000	2,488,600	216,197	29	44	27	2,272,403	908,976	19.19	71,500	..	202
203	Berwyn, Ill.	47,027	158,000	.....	N	.....	N	..	..	..	.....	.....	.....			203
204	Clifton, N. J.	46,875	5,345,000	2,241,000	4,486,000	12,072,000	238,333	77	23	..	11,833,667	7,347,667	159.43	N	N	204
205	Aurora, Ill.	46,589	Not Reporting													205
206	Muncie, Ind.	46,548	852,310	695,000	N	1,547,310	N	..	.		1,547,310	1,547,310	33.24	120,434	..	206
207	Stamford, Conn.	46,346	4,944,000	2,473,000	N	7,417,000	864,759	67	33	N	6,552,241	6,552,241	141.38	N	N	207
208	Waterloo, Iowa	46,191	Not Reporting													208
209	Chelsea, Mass.	45,816	1,750,600	394,500	20,000	2,165,100	381,622	100	N	N	1,783,478	1,763,478	38.49	N	N	209
210	Lexington, Ky.	45,736	2,325,500	900,000*	N	3,225,500	451,334	100	..	N	2,774,166	2,774,166	60.66	49,153	..	210
211	Williamsport, Pa.	45,729	993,900	1,198,900	N	2,192,800	511,465	42	58	N	1,681,335	1,681,335	36.77	119,800	119,800	211
212	Portsmouth, Va.	45,704	5,284,000	715,000	2,975,000	8,974,000	2,505,634	36	..	64	6,468,366	5,099,622	111.58	N	N	212
213	Jamestown, N. Y.[41]	45,155	835,322	2,074,000	484,500	3,393,822	87,795	..	..	100	3,306,027	2,909,322	64.43	212,500	212,500	213
214	Lorain, Ohio	44,512	1,001,507	674,000	164,000	1,839,507	24,851	100	N	N	1,814,656	1,650,656	37.08	302,000	N	214
215	Chicopee, Mass.	43,930	690,500	54,500	283,000	1,028,000	N	..	..	..	1,028,000	745,000	16.96	N	N	215
216	Wichita Falls, Texas	43,690	3,339,500	1,841,000	N	5,180,500	72,648	66	34	N	5,107,852	5,107,852	116.91	..	..	216
217	Battle Creek, Mich.[42]	43,573	914,000	1,027,500	383,000	2,324,500	N	..	..	..	2,324,500	1,941,500	44.56		..	217
218	Perth Amboy, N. J.	43,516	7,546,434	1,419,000	1,936,000	10,901,434	597,839	22	31	47	10,303,595	8,649,415	198.76	N	N	218
219	Salem, Mass.	43,353	683,500	244,500	387,000	1,315,000	N	..	..	..	1,315,000	928,000	21.41	N	N	219
220	Amarillo, Texas	43,132	3,254,823	1,825,000	2,087,980	7,167,803	522,248	48	46	6	6,645,555	4,588,582	106.38	N	N	220
221	Columbus, Ga.	43,131	1,891,600	633,800	105,000	2,630,400	80,000	100	N	N	2,550,400	2,445,400	56.70	28,600	28,600	221
222	Joliet, Ill.[43]	42,993	821,500	1,357,810	90,000	2,269,310	N	..	..	..	2,269,310	2,179,310	50.69	817,103	..	222
223	Cranston, R. I.[44]	42,911	1,140,500	2,457,000	N	3,597,500	214,193		..	N	3,383,307	3,383,307	78.84	N	N	223

[37]**Port Arthur.** General debt includes Seawall bonds paid by remission of eight-ninths of the state ad valorem taxes.

[38]**Dearborn.** City debt reported as of February 28, 1938, and school debt as of January 1, 1938.

[39]**Kenosha.** Debt reported as of March 21, 1938.

[41]**Jamestown.** See note 28 re schools.

[42]**Battle Creek.** Utility debt is sewer improvement revenue debt.

[43]**Joliet.** See note 28 re school debt. Joliet's share of school debt estimated at 55% of that for county on basis of information for prior years.

[44]**Cranston, Butte, Quincy, Norwalk.** Debt reported as of March 1, 1938.

		Census 1930	GROSS BONDED DEBT				SINKING FUND				NET BONDED DEBT				Total Special Assessments, General Obligation	
			General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S.S.	Total Gross Special Assessments		
224	Portsmouth, Ohio	42,560	3,285,470	1,745,600	891,000	5,922,070	251,530	90	10	N	5,670,540	4,779,540	112.30	375,100	375,100	224
225	Lima, Ohio	42,287	3,135,200	560,000	505,500	4,200,700	N	..	..	..	4,200,700	3,695,200	87.38	22,300	..	225
226	Council Bluffs, Iowa	42,048	Not Reporting													226
227	Montclair, N. J.	42,017	4,038,120	4,711,750	2,993,000	11,742,870	1,509,757	9	73	18	10,233,113	7,506,273	178.65	160,000	160,000	227
228	Dubuque, Iowa	41,679	1,173,563	700,000	480,000	2,353,563	482,346	7	46	47	1,871,217	1,869,261	44.85	189,000	N	228
229	Muskegon, Mich.	41,390	1,977,000	2,301,275	882,700	5,160,975	161,124	83	N	17	4,999,851	4,144,451	100.13	107,930	N	229
230	Warren, Ohio	41,062	1,255,000	1,241,300	408,000	2,904,300	179,704	N	21	79	2,724,596	2,458,596	59.88	182,000	182,000	230
231	Kearny, N. J.	40,716	4,491,200	2,500,000*	6,093,300	13,084,500	351,500	59	41	..	12,733,000	12,733,000	312.73	N	N	231
232	Fitchburg, Mass.	40,692	1,468,000	886,000	342,800	2,696,800	N	..	..	..	2,696,800	2,354,000	57.84	N	N	232
233	Lynchburg, Va.	40,661	2,100,538	909,808	3,222,833	6,233,179	1,787,406	47	..	53	4,445,773	2,172,940	53.44	N	N	233
234	St. Petersburg, Fla.	40,425	20,122,500	2,269,050	110,000	22,501,550	304,560	85	15	..	22,196,990	22,086,990	54.64	..	..	234
235	Poughkeepsie, N. Y.	40,288	3,324,327	1,254,900	393,000	4,972,227	20,175	..	..	..	4,952,052	4,559,052	113.16	419,102	342,327	235
236	Ogden, Utah	40,272	Not Reporting													236
237	Oshkosh, Wis.	40,108	725,000	420,000	503,000	1,648,000	N	..	..	..	1,648,000	1,145,000	28.55	29,561	N	237
238	Anderson, Ind.	39,804	Not Reporting													238
239	East Cleveland, Ohio	39,667	924,000	1,865,000	N	2,789,000	558,244	66	34	N	2,230,756	2,230,756	56.24	217,360	217,360	239
240	LaCrosse, Wis.	39,614	572,000	295,000	35,000	902,000	2,000	100	N	N	900,000	865,000	21.84	82,163	..	240
241	Butte, Mont.[44]	39,532	1,249,521	705,168	N	1,954,689	90,137	52	48	N	1,864,552	1,864,552	47.17	211,611	N	241
242	Sheboygan, Wis.	39,251	804,000	580,000	161,000	1,545,000	N	..	..	..	1,545,000	1,384,000	35.26	22,518	N	242
243	Waltham, Mass.	39,247	1,680,500	730,000	326,000	2,736,500	N	..	..	..	2,736,500	2,410,500	61.42	N	N	243
244	Quincy, Ill.[44]	39,241	N	859,000	58,000	917,000	25,304	N	100	N	891,696	833,696	21.25	286,075	..	244
245	Meriden, Conn.	38,481	548,000	969,000	147,000	1,664,000	18,787	66	34	N	1,645,213	1,498,213	38.93	..	..	245
246	Bloomfield, N. J.	38,077	2,416,000	2,222,500	1,156,000	5,794,500	25,000	60	N	40	5,769,500	4,623,500	121.43	140,000	..	246
247	Rock Island, Ill.	37,953	N	1,091,000	242,000	1,333,000	40,166	N	N	100	1,292,834	1,292,834	34.06	159,268	..	247
248	Cumberland, Md.	37,747	2,605,000	2,330,000	3,044,900	7,979,900	984,056	36	N	64	6,995,844	4,579,053	121.31	..	..	248
249	San Bernardino, Cal.	37,481	623,250	1,444,000	220,275	2,287,525	117,793	22	69	9	2,169,732	1,959,767	52.27	N	N	249
250	Green Bay, Wis.	37,415	330,900	821,000	809,000	1,960,900	25,000	..	..	100	1,935,900	1,151,900	30.79	..	..	250
251	Raleigh, N. C.	37,379	Not Reporting													251
252	Taunton, Mass.	37,355	Not Reporting													252
253	Santa Monica, Cal.[45]	37,146	1,900,500	1,863,000	1,072,250	4,835,750	257,751	44	33	23	4,577,999	4,577,999	123.24	..	..	253
254	West New York, N. J.	37,107	Not Reporting													254
255	Hazleton, Pa.	36,765	1,888,000	1,136,000	N	3,024,000	97,023	33	67	N	2,926,977	2,926,977	79.61	N	N	255
256	Danville, Ill.	36,765	171,000	326,200	N	497,200	N	..	..	..	497,200	497,200	13.52	173,146	N	256
257	High Point, N. C.	36,745	Not Reporting													257
258	Auburn, N. Y.	36,652	2,188,191	569,000	249,500	3,006,691	20,462	N	N	100	2,986,229	2,757,191	75.23	81,844	81,844	258
259	Zanesville, Ohio	36,440	275,920	496,725	155,000	927,645	187,360	10	90	N	740,285	585,285	16.06	52,600	..	259
260	Superior, Wis.	36,113	753,944	1,351,054	N	2,104,998	N	..	..	..	2,104,998	2,104,998	58.30	..	..	260
261	Arlington, Mass.	36,094	175,000	605,000	79,000	859,000	62,027	100	N	N	796,973	717,973	19.89	..	..	261
262	Norwalk, Conn.[44]	36,019	2,470,000	1,506,000	1,079,000	5,055,000	439,730	..	..	..	4,615,270	3,536,270	98.18	N	N	262
263	Elgin, Ill.	35,929	718,000	436,000	155,000	1,309,000	62,493	79	N	21	1,246,507	1,104,699	30.75	351,938	N	263
264	Norristown, Pa.	35,853	880,000	1,000,000*	N	1,880,000	328,872	39	61	N	1,551,128	1,551,128	43.26	N	N	264
265	White Plains, N. Y.	35,830	6,124,048	6,801,000	1,526,000	14,451,048	866,974	58	26	16	13,584,074	12,192,889	340.30	..	..	265
266	Revere, Mass.	35,680	Not Reporting													266
267	Steubenville, Ohio	35,422	375,410	445,750	53,000	874,160	28,318	8	62	30	845,842	801,282	22.62	104,300	N	267
268	Orange, N. J.	35,399	Not Reporting													268
269	Alameda, Cal.	35,033	156,876	1,131,949	3,363,403	4,652,228	N	..	..	..	4,652,228	1,288,825	36.79	84,097	84,097	269
270	Lewiston, Me.[46]	34,948	549,000	430,000	308,000	1,287,000	N	..	..	..	1,287,000	979,000	28.01	N	N	270

[45]**Santa Monica.** For the first time water debt has been reported not self-supporting.

[46]**Lewiston, Laredo.** Debt reported as of February 28, 1938.

		Census 1930	GROSS BONDED DEBT				SINKING FUND				NET BONDED DEBT			Total Gross Special Assessments	Total Special Assessments, General Obligation	
			General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S.S.			
271	Watertown, Mass.	34,913	466,000	681,000	6,000	1,153,000	N	..	..	..	1,153,000	1,153,000	33.02	N	N	271
272	Amsterdam, N. Y.	34,817	Not Reporting													272
273	West Allis, Wis.	34,671	1,192,000	1,032,000	263,000	2,487,000	N	..	..	..	2,487,000	2,487,000	71.73	575,481	N	273
274	New Brunswick, N. J.	34,555	3,468,300	1,080,000	1,078,000	5,626,300	N	..	..	..	5,626,300	4,548,300	131.62	N	N	274
275	Easton, Pa.	34,468	2,609,000	1,647,000	3,744,000	8,000,000	818,072	53	47	N	7,181,928	3,437,928	99.74	N	N	275
276	Plainfield, N. J.	34,422	2,927,000	1,602,000	N	4,529,000	130,223	..	..	N	4,398,777	4,398,777	127.79	101,000	N	276
277	Newport News, Va.	34,417	2,521,500	1,105,500	3,009,000	6,636,000	1,111,343	100	..	N	5,524,657	2,515,657	73.09			277
278	Santa Barbara, Cal.	33,613	1,207,925	1,000,000*	738,000	2,945,925	125,361	60	..	40	2,820,564	2,820,564	83.91	N	N	278
279	Paducah, Ky.	33,541	1,464,000	150,500	2,234,000	3,848,500	129,703	38	41	21	3,718,797	1,511,430	45.06	..	..	279
280	Mansfield, Ohio	33,525	618,575	556,000	62,000	1,236,575	154,468	100	N	..	1,082,107	1,020,107	30.43	24,700	24,700	280
281	Joplin, Mo.	33,454	292,500	833,000	N	1,125,500	63,884	100	N	N	1,061,616	1,061,616	31.73	N	N	281
282	Waukegan, Ill.[47]	33,499	107,000	982,000*	1,030,000	2,119,000	3,000	100	N	N	2,116,000	1,086,000	32.42	..	..	282
283	Norwood, Ohio	33,411	Not Reporting													283
284	Sioux Falls, S. D.	33,362	Not Reporting													284
285	Colorado Springs, Colo.	33,237	554,000	500,000	2,028,000	3,082,000	824,993	N	N	100	2,257,007	1,054,000	31.71	51,500	N	285
286	Elkhart, Ind.	32,949	64,000	615,900	1,129,000	1,808,900	97,692	13	..	87	1,711,208	667,524	20.26	N	N	286
287	Kokomo, Ind.	32,843	Not Reporting													287
288	Laredo, Texas[48]	32,618	953,000	609,000	N	1,562,000	71,294	57	43	N	1,490,706	1,490,706	45.70	..	..	288
289	Tucson, Ariz.	32,506	1,544,000	1,088,000	877,000	3,509,000	896,878	86	14	..	2,612,122	2,023,100	62.24	531,610	..	289
290	Richmond, Ind.	32,493	478,500	630,000	N	1,108,500	18,734	100	N	N	1,089,766	1,089,766	33.54	..	..	290
291	Rome, N. Y.	32,338	1,108,967	613,000	80,000	1,801,967	N	..	..	..	1,801,967	1,721,967	53.25	4,000	4,000	291
292	Wilmington, N. C.	32,270	Not Reporting													292
293	Moline, Ill.	32,236	362,000	400,000	408,000	1,170,000	N	..	..	..	1,170,000	762,000	23.64	151,956	N	293
294	Watertown, N. Y.	32,205	2,089,280	1,059,500	643,000	3,791,780	245,497	70	30	..	3,546,283	2,903,283	90.15	26,632	N	294
295	Muskegee, Okla.	32,026	Not Reporting													295
296	Meridian, Miss.[48]	31,954	1,742,890	870,011	334,000	2,946,901	70,527	26	74	..	2,876,374	2,542,374	79.56	99,070	N	296
297	Pensacola, Fla.[49]	31,579	2,439,000	450,000*	99,000	2,988,000	365,132	99	..	1	2,622,868	2,525,848	79.99	18,000	18,000	297
298	Nashua, N. H.	31,463	1,046,000	592,000	N	1,638,000	51,181	100	..	N	1,586,819	1,586,819	50.43	..	..	298
299	Fort Smith, Ark.	31,429	312,500	925,000*	1,219,000	2,456,500	176,700	30	N	70	2,279,800	1,185,500	37.72	..	..	299
300	Port Huron, Mich.	31,361	1,075,519	362,000	88,000	1,525,519	86,800	100	N	N	1,438,719	1,350,719	43.07	54,158	54,158	300
301	Newburgh, N. Y.	31,275	1,240,937	1,745,720	559,231	3,545,888	11,082	N	100	N	3,534,806	2,975,575	95.14	108,667	108,667	301
302	Marion, Ohio	31,084	Not Reporting													302
303	Bloomington, Ill.	30,930	Not Reporting													303
304	Hagerstown, Md.[50]	30,861	2,245,000	643,000*	2,751,000	5,639,000	N	..	..	..	5,639,000	3,488,000	113.02	N	N	304
305	Bellingham, Wash.	30,823	410,000	500,000	479,000	1,389,000	100,038	80	N	20	1,288,962	830,066	26.93	N	N	305
306	Baton Rouge, La.	30,729	Not Reporting													306
307	Newark, Ohio	30,596	469,000	625,000	200,000	1,294,000	75,918	100	N	N	1,218,082	1,018,082	33.27	104,000	104,000	307
308	Everett, Wash.	30,567	936,000	334,000	2,089,000	3,359,000	166,374	39	27	34	3,192,626	1,159,761	37.94	167,748	.. ..	308
309	Santa Ana, Cal.	30,322	476,065	1,866,000	121,760	2,463,825	127,495	24	69	7	2,336,330	2,223,991	73.35	684,737	597,815	309
310	Alton, Ill.	30,151	Not Reporting													310
	CANADIAN CITIES	Population														
1	Montreal, Que.[51]	818,577	169,111,011	47,440,000	67,364,630	283,915,641	44,879,166	85	15	..	239,036,475	171,671,845	209.72	43,635,036	6,943,671	1
2	Toronto, Ont.	626,674	58,785,068	25,800,000*	75,843,341	160,428,409	29,230,941	31	23	46	131,197,468	71,629,508	114.30	19,857,342	10,660,401	2
3	Vancouver, B. C.	246,593	43,365,665	10,300,176	9,772,939	63,438,780	13,962,905	..	..	..	49,475,875	43,083,627	174.72	6,974,672	1,291,665	3

[47]**Waukegan.** Debt reported as of March 1, 1938.

[48]**Meridian.** Debt reported as of September 30, 1937.

[49]**Pensacola.** Debt reported as of January 31, 1938.

[50]**Hagerstown.** See note 28 re school debt.

[51]**Montreal.** Debt reported as of October 31, 1937.

		Census 1930	GROSS BONDED DEBT General Improvement	Public Schools	Public Utilities	Total	SINKING FUND Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	NET BONDED DEBT Total	Excluding Self-supporting	Per Capita Excluding S.S.	Total Gross Special Assessments	Total Special Assessments General Obligation	
4	Winnipeg, Man.	218,785	11,451,160	8,250,000	38,970,632	58,671,792	29,501,752	22	14	64	29,170,040	9,054,755	41.39	5,220,519	N	4
5	Hamilton, Ont.	153,507	16,902,506	3,787,895	6,419,724	27,110,125	559,042	2	N	98	26,551,083	20,677,616	134.70	2,175,848	1,144,459	5
6	Quebec, Que.	130,594	Not Reporting													6
7	Ottawa, Ont.	126,872	11,093,415	3,093,680	6,243,078	20,430,173	4,796,234	33	15	52	15,633,939	11,893,298	93.74	2,333,353	1,099,039	7
8	Windsor, Ont.[52]	102,839	30,337,459	4,180,562	.....	34,518,021	N	..	..	..	34,518,021	.....	.....	.....	.....	8
9	Calgary, Alta.	83,761	8,441,952	2,176,368	11,253,542	21,871,862	10,547,190	38	N	62	11,324,672	6,626,496	79.11	2,790,295	1,024,847	9
10	Edmonton, Alta.	79,197	Not Reporting													10
11	London, Ont.	71,148	5,283,426	2,355,345	3,785,737	11,424,508	2,275,849	..	..	..	9,148,659	7,513,298	105.60	746,724	210,446	11
12	Verdun, Que.[53]	60,745	8,088,320	3,935,399	100,000	12,123,719	2,202,941	88	11	1	9,920,778	9,837,741	161.95	1,747,200	N	12
13	Halifax, N. S.[54]	59,275	10,471,394	2,656,403	2,101,209	15,229,006	5,149,496	72	28	..	10,079,510	7,978,301	134.60	200,156	N	13
14	Regina, Sask.	53,209	6,728,236	2,510,746	6,760,866	15,999,848	8,176,348	45	9	46	7,823,500	4,847,092	91.10	3,829,928	1,440,318	14
15	St. John, N. B.	47,514	2,854,975	2,315,500	4,006,459	9,176,934	3,191,890	79	21	..	5,985,044	1,988,828	41.86			15
16	Saskatoon, Sask.	43,291	6,545,982	2,808,897	4,434,470	13,789,349	5,696,874	39	12	49	8,092,475	6,436,230	148.67	2,721,658	888,912	16
17	Victoria, B. C.[55]	39,082	16,062,757	.....	..	16,062,757	3,780,836	100	..	..	12,281,921	12,281,921	314.26	.....	.....	17
18	Three Rivers, Que.	34,450	Not Reporting													18

[52]**Windsor.** Under refunding agreement bonds are issued in two groups only—general city and public school—water debt losing its identity. Debt and population increased by recent annexations.

[53]**Verdun.** Utility debt is for housing. This year both Catholic and Protestant school debt is included. This accounts for an increase of $2,295,400 in debt.

[54]**Halifax.** Debt reported as of April 30, 1937.

[55]**Victoria.** Under refunding plan only general city bonds are issued. Water and school debt loses its identity as such.

THE BONDED DEBT OF 286 CITIES AS AT JANUARY 1, 1938

(Continued from Page 321)

years showed any increase in either gross or net bonded debt less self-supporting.

As has been pointed out before, too much weight should not be given to the highest and lowest per capita debt, since many factors influence the size of a city's debt. This is well illustrated by Miami and Atlantic City—both resort cities, and both reporting the highest debt in their respective groups. See table V.

Tables VI and VII bring out the comparison of the debt of the 179 cities that reported in 1930, 1937, and 1938. The comparison of 1938 debt figures with 1930 debt figures should be interesting because it may be said that the 1930 figures represent conditions before the depression. In all instances except the group V 1937 gross debt, increases over the 1930 figures are indicated. However, the 1938 figures, except for group V and group II net debt excluding self-supporting, show decreases since 1937.

Summarizing the conclusions of the tabulation in a few words, it may be said that except for the very small cities—group V—bonded debt has been going down for the last three years, the decreases becoming progressively larger. Group V cities show increased debt, but apparently the increases are becoming progressively smaller.

Recent News Reviewed

NOTES AND EVENTS

Edited by H. M. Olmsted

Toledo Holds Three-Day Municipal Exposition.— At least ten thousand citizens of Toledo, Ohio, made use of an unusual opportunity to understand the operation of their city government, through a free municipal exposition held on June 2nd, 3rd, and 4th in the civic auditorium under sponsorship of the City Manager League and the League of Women Voters, with the official sanction of the city council. Special exhibits of activities were arranged by some twenty-five divisions of the city government, and visitors were conducted on planned tours of the principal city departments and public buildings.

The opening day was planned as "safety day," with a spectacular fire drill, including the extinguishment of a fire in a special building erected on the civic center from materials taken from demolished buildings; and with a police parade as another feature. The exhibits in the auditorium were thrown open in the afternoon and in the evening were formally inspected by Mayor Start, City Manager Edy, the city council, and department heads.

"Service day," following, included inspection trips to the filtration plant, pumping stations, sewage disposal plant, incinerator, and street department shops. A "know your city" quiz bee was conducted in the auditorium, with seven students, representing the seven high schools, competing in answering questions about the municipal government and its functions propounded by President Nash of the University of Toledo. Newspaper editors or managers were the judges.

The third day, Saturday, was "welfare and health day," with special programs in the parks, the zoo, and the municipal airport. In the evening a special program was staged by the City Manager League, including awards to the divisions with the best exhibits and to all city employees with twenty-five years or more of service.

The schools, the press, radio stations, taxicab companies, and an outdoor advertising company coöperated in giving publicity to the exposition. Copies of a new printed booklet, "Two Years of Council-Manager Government," were made available to those desiring them.

*

Council-Manager Plan Developments.— Lansing, capital city of Michigan, is to hold an election on June 15th for a charter commission. The council-manager plan is expected to be given careful consideration by the commission.

A city manager enabling act for Illinois cities was introduced at the opening session of the legislature on May 27th. As reported elsewhere in this issue, Governor Horner had included such legislation in his call for a special legislative session.

The City Manager Committee of the Chicago City Club is undertaking to make a number of studies which would provide additional ammunition for the city's manager campaign. Among the studies proposed are comparative governmental costs as between Cincinnati and Chicago, aldermanic rackets in Chicago, and instances of breakdowns in the operation of Chicago's present government. This committee is also considering a study of county-manager government with a view to preparing a report on the practicability of that type of government for Illinois counties.

In Omaha, Nebraska, open forum meetings have been held, to discuss the need for county-manager government in Douglas County.

In Forest Grove, Oregon, the council has

been considering council-manager government by ordinance.

In Yonkers, New York, the City Manager League last month launched its third campaign in three years. It intends to present a petition of 7,500 signatures to the council, asking for a referendum on the council-manager plan at the general election in November.

On May 11th Tecumseh, Michigan, defeated a proposal to adopt the manager plan. Chesterfield County, Virginia, also defeated such a proposal on May 12th.

*

Merit System Support Urged in Chicago.—Establishment of a permanent, publicly-supported agency to represent citizen interest in bringing about efficient administration of the civil service laws in Illinois and metropolitan Chicago is recommended by the Chicago Union League Club's Sub-committee on Civil Service in a newly published report. The committee particularly deplores abuses of the merit system in the city of Chicago and points contrastingly to recent effective efforts of Cook County to carry out the spirit of the law.

*

Washington, D. C., Wants to Vote.—On April 30th some 93,000 residents of the city of Washington, District of Columbia, voted at the public schools, which had been turned into temporary polling places, on the question whether they desired the right to vote for the president and members of Congress, and a similar question as to voting for local government officials in the District of Columbia. The vote on the first question was reported as 87,092 in favor and only 6,832 against; on the second question it was 82,977 in favor and 10,937 against. If Congress acts accordingly it will restore the vote to residents of the district, from whom it was taken away shortly after the Civil War.

Various pieces of legislation have been introduced into Congress to give such rights to Washington citizens. The Capper-Norton joint resolution, which has been before Congress for sixteen years, calls for a constitutional amendment permitting residents of the District of Columbia to elect their own representatives and senators in Congress and also to vote for President; the Lewis-Randolph joint resolution calls for an amendment providing not only for representatives in the Congress, but empowers Congress to establish a "republican form" of government for the district.

Representative Emanuel Celler of New York City has recently introduced a bill to "provide municipal self-government for the District of Columbia." The bill calls for a mayor and city council of twenty-five members, both elected for two-year terms. There is also agitation for the city manager plan.

■

Cities Report Success on "Fixless" Traffic Tags.—Portland, Oregon, reports success in its new "fixless" traffic tag system, according to the Municipal Finance Officers' Association. A recent two weeks' drive not only reduced traffic charge evasion but resulted in the collection of $2,600 in fines. This was an increase of $1,274 compared with the previous two-week period, when three times as many tags had been issued for violations.

Dallas, Texas, makes a similar report. Last month the city collected nearly $10,000 in traffic fines on 3,500 violations.

■

Outdoor Municipal Workers on Annual Wage Basis.—In line with similar experiments in certain industries, Two Rivers, Wisconsin, a city of ten thousand, has put its outside "seasonal" workers on an average forty-hour week with the same monthly salary throughout the year, according to the International City Managers' Association. Street sweepers and other street department employees, electric line men, and outside men in the water department now work a fifty-hour week during the summer, when most of the outdoor labor is done, and a thirty-hour week during the winter.

The street department of Des Moines, Iowa, recently made a one-year agreement with its 200 workers to pay an annual wage for 240 work days per year, as against the former average of 200 days per year on an hourly basis. If successful in this department, the plan will be extended to include other municipal employees now on an hourly basis.

*

Yardsticks for Municipal Government.—A recent study by the International City Managers' Association has resulted in new suggestions for measuring the results of municipal administration. In contrast to the familiar ways of appraising governmental efficiency in terms of tax rates, total expenditures, man-hours, and amount of work performed, the

new measurement method reduces the information to two points: "What results are obtained?" "Are they obtained in the most economical manner?" The method is based on the development of detailed records systems on each municipal activity, designed to enable the compilation of uniform statistics. From this information, over a period, "indices of result" will be constructed to measure the attainment of objectives. Techniques are suggested for reducing data from different cities to the same basis and from the same city for different years.

Sample charts of proposed records systems for fifteen common municipal activities are shown in the study. Some of these records have been used by certain cities for some time, mainly for police and public works activities. New proposals include measurement records on public welfare, planning, schools, libraries, etc.

*

More Security, Less Pay For City Employees in 1937.—The 542,000 persons who worked for American cities in 1937 held more stable jobs but took less pay than in previous years, the International City Managers' Association reports in its year book. Information compiled for cities of more than 10,000 population showed increased employment, and greater stability of employment as indicated by fewer new appointments.

Municipal employees numbered more than one for each one hundred persons in the reporting cities, for the first time last year. New appointments totaled 20,687 in 1937, a decrease in ratio from seven to five for every one hundred employees, the report shows. The job turnover for all cities of more than 10,000 population declined from 5.6 per cent to 3.5 per cent during the same period.

The average salary for 449,513 employees in cities over 10,000 was $1,643 in 1937. Salaries remained relatively stable in cities of less than 500,000 but decreased by more than $200 in average cities over that figure.

*

Municipal Housing for Relief Recipients.—With house rent for relief recipients mounting to hundreds of thousands of dollars annually, some cities are contemplating municipal housing as a means of saving money. According to the National Association of Housing Officials, Detroit has built ten houses on city-owned land, the first of a project of 175; and Los Angeles County is preparing to erect an experimental twenty.

*

Wisconsin to Make Loans for Governmental Training.—As a result of student loans authorized by the 1937 legislature, five University of Wisconsin seniors were chosen last January by the State Bureau of Personnel, on recommendation of a committee of university deans, to inaugurate a program of student training for governmental service. As apprentices to state commissions and bureaus these students have been attending meetings of departmental heads as well as learning the groundwork in their own bureaus. Eight others have been selected to go to work for the state next June at the base pay of $125 a month, together with Marquette graduates yet to be chosen.

Under terms of the loans, the recipients are obligated to remain in state service two years. Then, if they wish to continue state careers, they must qualify in regular civil service examinations.

P. W. W.

*

Constitutional Revision Program of Citizens Union of New York City.—The Citizens Union of the City of New York, which has had a special committee of experts working on proposals for the state constitutional convention, now in session, has announced its program of recommendations, briefly as follows: (1) election of legislature by proportional representation from large districts, thus solving the reapportionment problem; (2) a unicameral legislature; (3) elimination of "blind" voting by the legislature, i.e., action on "emergency" bills not before each member in final form; (4) discharge of bills from committee by less than majority vote of legislature; (5) abolition of lieutenant governor; (6) appointment of attorney-general by governor; (7) abolition of elective comptroller; supersession by auditor appointed by legislature and by the executive department of taxation and finance; (8) appointment by the governor of single commissioners to head administrative departments; (9) removal of such department heads by governor at will. Further recommendations are to be presented.

*

New Jersey Assembly Approves "Princeton" Bills.—The New Jersey state assembly

has passed four "Princeton" bills, resulting from the Princeton University survey of local government, and designed to provide more strict control of municipal financial affairs, including debt restriction and local sinking funds. Minor amendments for clarification, and to increase the term of the commissioner of local government, under the bills, from six to seven years, were made. The bills provide a four-man board to assist the commissioner and to serve as a tribunal to consider appeals from his decisions.

■

Illinois Special Legislative Session Topics Include Relief, City Manager Plan, Constitutional Revision.—On May 17th Governor Henry Horner of Illinois summoned the state legislature into special session, to convene May 20th. The primary purpose was to deal with the relief crisis, particularly in Chicago, where relief stations have been closed. The governor recommended an appropriation of $500,000 per month for nine months (which was voted), and legislation to enable counties and municipalities to raise more relief money and to divert or borrow for relief purposes from their various funds.

Other recommendations, among a total of twenty-two subjects, were for a referendum in November on a state constitutional convention, one possible topic for such being the authorization of a state income tax, now held unconstitutional; consideration of city manager enabling legislation; the creation of a state school board and appropriation of money for needy school districts, and legislation to take advantage of federal housing assistance.

*

Legislatures Dominated by Welfare Problems.—Relief and other social welfare matters commanded the most urgent attention in the legislative sessions of ten states this year, according to a survey by the Council of State Governments. In addition, as noted elsewhere, Illinois and Ohio legislatures have assembled in special sessions to solve relief crises, and the relief problem is also facing the legislatures of Louisiana, Massachusetts, and New Jersey.

The California legislature in special session this year appropriated $6,000,000 to reimburse counties for social security payments, and $4,900,000 for unemployment and self-help projects. Kansas created a $600,000 emergency welfare fund available to counties, while Georgia authorized its state welfare department to bear part of the county welfare administration expense. Georgia also amended its unemployment compensation law to speed unemployment benefits, and provided unemployment compensation for seasonal workers. Mississippi liberalized its provisions for old-age assistance and provided an appropriation for needy blind. Virginia completed the national record for state participation in the federal social security program when its legislature passed laws providing public assistance.

Four states—California, Virginia, Mississippi, and New Jersey—passed legislation enabling local government units to establish housing authorities to participate in large-scale public housing projects. Enactment of the enabling legislation brings to thirty-three the number of states providing for the establishment of local housing authorities. California and Kentucky legislation qualified lending corporations for participation in the United States housing act, while Ohio legalized the use of state funds including the teachers' pension fund, for investment in housing authority bonds. New York gave initial approval to a proposed constitutional amendment to establish a $500,000,000 state housing loan fund.

Although the survey shows that few legislatures levied new state-wide taxes, most of them voted to continue "emergency" levies and increased the power of their taxing agencies.

■

Federal Funds Earmarked for Housing.—The total amount of federal funds tentatively reserved for slum clearance and low-rent housing plans in specific communities by the United States Housing Authority was increased to $334,548,000 on May 9th, when Nathan Straus, administrator of the USHA earmarked $23,550,000 for projects in Baltimore, Maryland; Newark and Elizabeth, New Jersey; and Norwalk, Connecticut. The last three cities are new to the government slum-clearance program. The total number of communities to which tentative allocations have been made was increased to eighty, located in twenty-three states and the territory of Hawaii. Under the law the total amount available is $500,000,000, but not more than $300,000,000 is to be spent before July 1, 1939. The present earmarkings do not indicate definite approval of specific projects. Actual loan contracts ap-

proved by the USHA and President Roosevelt totaled only $53,493,000 for nine cities.

*

Building Started for Harvard Public Administration School.—The cornerstone of a new building for the Harvard School of Public Administration was laid on May 10th by Lucius N. Littauer of New York who has donated $2,250,000 for the school, the first regular sessions of which will begin next fall. The building will be completed during the next academic year.

*

Graduate Training for Public Service.—New York University will establish a Graduate Division for Training in Public Service next fall to meet the rising demand for a trained, permanent personnel in the public service and to encourage a deeper and broader understanding of public affairs, as announced May 25th by Chancellor Harry Woodburn Chase at a luncheon attended by members of a faculty committee and an advisory board of prominent persons in public service and social work who aided in the formulation of plans for the new division. The committee and the board were under the chairmanship of Dr. Rufus D. Smith, provost of the university.

Courses in the division, leading to the new degree of Master of Public Administration, will be integrated with courses in the other graduate divisions of the university, Chancellor Chase said, and will be designed to meet the needs of present or prospective graduate students, whether now in governmental service or not, who desire broad training that prepares for administrative positions.

Among the courses to be offered will be the state and modern society, principles and problems of public administration, public psychology and opinion, governmental research technique and statistical method, the composition of public papers, public works organization and administration, public financial administration, public welfare administration, public personnel administration, and field work.

Collateral work will also be available in the Graduate School of Arts and Science, School of Business Administration, School of Education, College of Engineering, College of Medicine, and School of Law.

"The Division of Research in Public Administration, established in 1932 under the direction of Professor Russell Forbes, now New York City commissioner of purchase, has established valuable contacts with the governmental agencies of the area," Dr. Chase said. "Particularly has the New York City Municipal Civil Service Commission indicated its readiness to coöperate with the university in the development of career service standards for the city. New York City is, after the national capital, the most important public employer in the United States. The New York State Civil Service Commission and the New Jersey State Civil Service Commission are among the most progressive personnel commissions in the country. Their recruitment methods show a significant trend toward selection of university and college graduates."

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Awards Made in County Health Contest.—The rural health conservation contest, conducted annually by the Chamber of Commerce of the United States in coöperation with the American Public Health Association and financed by the W. K. Kellogg Foundation of Battle Creek, Michigan, announces the following winners for the 1937 contest:

Northeastern Division, Columbia County, New York

Eastern Division, Fayette County, Kentucky

Southeastern Division, Pike County, Mississippi

North Central Division, Woodbury County, Iowa

South Central Division, Amarillo-Potter County, Texas.

Western Division, Clallam County, Washington.

Special awards for having won the rural health contest twice in their respective geographic districts and for having maintained their previous high standards of achievement during 1937 were given to Davidson County, Tennessee; El Paso County, Texas; and Shawnee County, Kansas.

Some of the points considered by the committee of health experts entrusted with making the awards are: (1) the extent to which the water supply is protected; (2) the point to which sanitation has advanced in rural homes; (3) the safety of the milk supply; (4) adequate care of prenatal cases; (5) medical

supervision of infants; (6) the availability of well trained nursing service; (7) the degree in which local physicians and dentists aid in the public health program; (8) activities to control tuberculosis and syphilis.

These and many other points are used in grading a county or district competing in the contest.

*

North Carolina Has Largest Rural Consolidated School.—Johnston County, North Carolina, has the largest consolidated rural school in the United States, reports the North Carolina Department of Conservation and Development. The school, located at Four Oaks, has an enrollment of 1,870 children of which all but 350 are in the elementary grades. Approximately 1,300 are transported to and from the school each day in a fleet of twenty-one school busses, several of which have to make two trips. Some of these busses bring children to the school from points as far as nineteen miles away. They are driven entirely by students sixteen years of age or older who have obtained their state driving licenses and then passed the very rigid tests given by the State Highway Patrol to all school bus drivers.

There are forty-five teachers in the Four Oaks school, twenty-four of whom live in the large brick teachers' home on the school grounds. They pay the county five dollars a month for a room and get their board on a co-operative basis for sixteen dollars a month.

*

North Carolina Leads in Rural Electrification.—Farm homes in North Carolina are getting "all lit up" faster than in any other southern, western, or midwestern state as a result of the state's rural electrification program. And only five states electrified more farm homes during the past year than North Carolina, according to the state's Department of Conservation and Development. During the year a total of 1,946 miles of rural electric lines was built or authorized in the state, serving 11,783 rural customers, of whom 10,251 were farm homes. The record made from July 1, 1935, to February 1, 1938, is regarded as even more impressive. In this period 7,392 miles of rural electric lines were built or authorized at a total cost of $7,517,666, serving 43,066 customers.

Not a single mile of these lines has been built by the North Carolina Rural Electrification Authority and not a penny of state funds has been expended in their construction. The state authority has made surveys of rural electric needs, has aroused the interest of rural people in electricity, and pointed out where rural lines have been needed and particular areas where the people have wanted lines. It has encouraged the Rural Electrification Administration in Washington, public utility companies, and municipally-owned electric companies to build as many miles of lines as possible.

Of the 7,392 miles of rural lines either built or authorized during the time the state authority has been in operation, 6,012 miles have been built or authorized by the utility companies, 552 miles by municipalities, and 817 miles by the Rural Electrification Administration in Washington. With the demand for rural electric lines continuing undiminished the North Carolina Rural Electrification Authority feels that its work is scarcely half completed. Electric service is now being supplied to only about fifty thousand farms and indications are that at least another fifty thousand farm homes will use power as soon as it is made available.

*

Elimination of Five Thousand Elective Offices Urged in Indiana.—Abolition of the 1,016 townships and reorganization of the ninety-two county governments in Indiana, in the interest of improved administration and lower cost of government, would bring about the elimination of five thousand elective offices, according to a proposal of William P. Cosgrove, chief examiner of the state accounts board, of which he has been a member for fifteen years. His plan, stated to be the result of a two-year survey, contemplates the organization of the seven constitutional officials of each county—auditor, treasurer, clerk, recorder, sheriff, coroner, and surveyor—as a board of county administration; 368 other elective county offices would be abolished. Townships would be continued only for purposes of levying taxes to retire existing debt; administration would be transferred to the counties.

H. M. O.

*

Virginia County Resists Change.—On May 12th Chesterfield County for the second time in seven months voted against changing its form of government. The vote was 1,736

for and 2,170 against changing to either the manager or county executive type. An act passed by the last General Assembly makes it possible for the board of supervisors of this county to appoint an executive secretary and purchasing agent at a salary of $3,000 thus permitting some steps to be taken in the interest of better administration, but carefully protecting the board from any reduction in power or change in manner of election.

TAXATION AND FINANCE
Edited by Wade S. Smith

Tax Exemption Question Still Pending.—As this is written, the 1938 revenue bill, ratified after conference by Senate and House, becomes law without the President's signature. It contains nothing to change the present tax-exempt status of federal and state and municipal bonds, nor of federal and state employees' salaries. Whether separate legislation will be introduced to carry out the President's April recommendation that the federal and state governments be given the power to tax income derived from future issues of government bonds and income of government officeholders remains, of course, to be seen; meanwhile, controversy continues to center around the proposal.

Opposition to the proposal to end the tax-exemption of government bonds comes from two principal sources—the holders of such bonds and officials of the municipalities and states which issue them. So far as this department is aware, there has been no vocal opposition to termination of the tax exemption enjoyed by federal and state employees, except of course as federal and state salaries are bracketed with income from government bonds in a consideration of the legal aspects of the problem.

That taxation of income derived from federal, state, and municipal bonds would result in an increase in the interest rate for such securities is generally admitted. At present the fact that income from such obligations is exempt from federal and state income taxes is a very real consideration in their marketing, and is usually designated as one of the principal reasons for the spread between interest rates on governments and on other prime securities. Just how much this differential in favor of government bonds amounts to is a matter of conjecture, with some authorities holding the tax-exemption feature is worth up to one point on the interest coupon. In other words, it is held by some that a tax-exempt government bond at, say, 4 per cent per annum would have to carry a coupon of perhaps 5 per cent to be equally attractive to investors were income derived from it subject to state and federal income taxes. It is the contention of some authorities that this spread is pivotal in the minds of many investors when they make the decision as to whether to put their capital into industrial and commercial securities or into governmental obligations. They hold that it is the tax-exemption feature which gives governments their admittedly preferred position in financing their capital requirements.

It is this conception of tax exemption as the root of the competitive advantage of governments which underlies the objections of bondholders, bond dealers, and local officials to the proposal that the income of government bonds be subject to the income tax. Bondholders foresee the impairment of the attractiveness of their holdings, bond dealers fear at least a partial collapse of the municipal bond market structure, and local officials prophesy an increase in their financing costs which must be passed on to the state and municipal taxpayer in the form of higher local taxes.

There can probably be little argument but that the taxation of governments after their long and traditional exemption would at least temporarily have an adverse effect on the marketability of such securities. That it would be a permanently adverse effect, however, is by no means as clear. There is a considerable body of opinion which holds that the competitive advantage of governments over private enterprises in borrowing money lies in the greater inherent security afforded by federal, state, and municipal obligations. This attitude is succinctly expressed in the general statement that government obligations will be the last to turn sour under the worst economic or political conditions imaginable. Thus, while there may be wide range in the credit of individual governmental units, governmental obligations, class for class, offer greater security of principal than any other type of investment. Those adhering to this point of view maintain that governments are largely

held by insurance companies, investment trusts, and fiduciaries, and even private individuals, to whom security of principal is of paramount consideration and to whom any net return whatever must perforce be acceptable. Were tax exemption of governments terminated, these observers acknowledge that there might be a short readjustment period, but maintain that thereafter federal, state, and municipal bonds would gradually regain their preëminance, since no matter how their income-earning potentialities might be impaired they would continue to afford the greatest security of principal.

What would actually happen were governments made subject to federal and state income taxes probably lies somewhere between these two positions. Taxation of government bond income, however, would be accompanied by effects other than those on the marketability of this type of investment. Such effects, it seems to this department, have been largely neglected. They may be developed most briefly by considering the answers to the question, to whom would the benefits of taxation of government bonds accrue?

Considering first the taxation of income from federal bonds by the states, it is evident at once that a considerable disparity of benefit would exist. Approximately a third of the states have no income tax law at present, and would be ruled out at the beginning from receiving any increase in revenues by the termination of the present tax exemption. Of those states with income tax laws, moreover, perhaps two —New York and Massachusetts—may be cited as standing to gain disproportionately because of the presence in them of financial centers in which large holdings of capital are concentrated. That there might be some shift in the situs of federal bondholdings to non-income tax states is, of course, conceivable, but might just as conceivably be counterbalanced by adoption of income tax laws in such states.

As to the federal government's taxation of income from state and municipal obligations, the benefit is obvious. Apart from the aggregate amount of such revenue which might accrue, not a state or local governmental unit with obligations outstanding would fail to contribute what would become federally taxable income. Since the number of so-called debt-free local units is relatively small—short-term borrowing being used even by most of those without capital debt—it is evident that practically every state and local unit would be indirectly concerned. If the termination of tax exemption resulted in any increase whatever in borrowing costs for these units, it would mean increased tax charges for local taxpayers. Moreover, there would be no reciprocity about the increase as far as the local units (and those states without income tax laws) were concerned, since their increased outgo would not be balanced to any extent whatever by increased revenues from taxation of income from federal bonds.

Were the income tax available to every unit whose bonds it is proposed to subject to the income tax, some reciprocity would exist. The non-income tax states might adopt income tax laws. But the income tax has never been seriously proposed as a feasible form of taxation for the municipal subdivisions. The net effect would be inevitably, therefore, that local property taxpayers would "ante up" for the benefit of the federal coffers. Such increased local taxation might be offset by federal grants-in-aid to municipalities based on bond income tax incidence, but this cumbersome procedure would, even if practicable, amount to nothing more than a bookkeeping transaction better avoided in the first place.

Even if the local property taxpayers are to be left holding the bag, the change to taxation of income from government obligations might be justifiable if it served to remedy a gross inequality in the tax structure. That the change would do so is, in fact, the contention of the President's message. The message conceives government obligations held chiefly by "men with great means best able to assume business risks" while "men with little means who should be encouraged to hold the secure obligations of the federal and state governments" have been forced to forego the advantages of tax exemption because of their greater need for higher returns. In brief, this conception seems to this writer only partially sound. Governmental bonds are issued predominately in denominations of one thousand dollars, and are necessarily bought outright. The man of little means is practically barred from holding any great amount of government obligations, and as long as governmental units require any large amounts of capital, this must inevitably be so. The "little man" financially usually makes a

succession of relatively modest investments—his home, purchased on a mortgage, other real property, likewise purchased on the deferred payment plan which the real estate mortgage affords, and perhaps his business in which he gradually acquires a larger and larger equity. Therefore, to just the extent that the man of large means (including the insurance companies and other fiduciaries by whom the larger blocks of government bonds are held) becomes subject to taxation which he has heretofore escaped, the little man as home owner or rent payer will be called upon to pay the increased financing costs of his local governments in the form of higher property taxes.

Under our present tax structure—if it may be called a structure at all—termination of tax exemption of government bond income would appear to benefit the federal government more than any other unit, and at the direct expense of the local property taxpayer. Apart from any considerations of the legality or constitutionality of the President's proposal, therefore—and it is necessarily assumed that such taxation if not now constitutional could be effected by a constitutional amendment—continuation of the tax-exempt feature of government bonds is to the present advantage of the municipalities and the local taxpayers.

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Taxation of Port Authority Salaries Upheld.—In a five-two decision delivered May 23rd by Justice Stone, the Supreme Court of the United States held that the salaries of officers of the Port of New York Authority were subject to a federal income tax. Although the text of the decision is not yet available, the court is reported to have distinguished between the kind of functions performed by state employees and to have held that taxation of salaries of officers of the port authority "neither precludes nor threatens unreasonably any function essential to the continued existence of state government." Justices Butler and McReynolds, dissenting, protested that the decision displaced the older doctrine of immunity of states' instrumentalities from federal taxation.

While the importance of the majority decision cannot be denied, it must not be overlooked that apparently the court has set up a test—the "essentialness" of the function—which would in all probability prevent any wide extension of the federal taxing power to the older of the traditionally immune state agencies. The court at the same time upheld the right of the government to levy a 10 per cent tax on tickets to football games promoted by the University of Georgia and Georgia School of Technology, saying that "the immunity implied from the dual sovereignty recognized by the constitution does not extend to business enterprises conducted by the states for gain." This may indicate, at least for the immediate present, the practical application of the port authority decision.

*

Relief Crisis in Ohio.—Cleveland, with no funds for the care of its very neediest cases since the middle of May, is the worst off of Ohio's industrial cities as relief case rolls mount and public funds dwindle. State relief funds for Toledo were exhausted March 17th, and Dayton and Columbus have been without state funds for relief since May 1st, according to press dispatches. Failure of the last state legislature, in which a political feud between factions in the administration and Ohio's well known urban-rural antagonism played their parts, to provide a substitute for the state relief agency which expired in April, 1937, is the immediate cause. Secondary is the financial stringency imposed on Ohio cities by the one per cent tax limitation amendment, which effectively prevents the larger cities from levying sufficient funds for ordinary operations and leaves no leeway whatever for local support of emergency relief costs. A special session of the legislature was called for May 16th, with the cities prepared to throw the present crisis in its lap.

*

Trend of Tax Delinquency, 1930-1937.—In 1937, for the fourth consecutive year, the collection of general property taxes in the average city continued its rise from the low point of the depression, according to Dr. Frederick L. Bird, whose seventh annual survey of tax delinquency since 1930 has just been published.[1]

The 1937 rate of increase was slower than for the three previous years, however, probably as the result of the reversal in business which gathered momentum during the closing months of 1937, the survey points out.

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[1] *Trend of Tax Delinquency, 1930-1937, Cities of Over 50,000 Population.* By Frederick L. Bird, Municipal Service Department, Dun & Bradstreet, Inc., New York, 1938.

Compared with an average peak delinquency in 1933 of 26.35 per cent for the 190 cities studied, the average for 1937 was only 11.3 per cent. The average for 1936 was 13.9 per cent.

Of interest is the fact that while in 1936 some forty-six cities had a better current tax collection record than in 1930, last year fifty-eight municipalities bettered their 1930 records.

For a majority of the fifty-eight cities showing a steady improvement in collections, changes in tax collection procedure or more vigorious collection methods were a contributing or dominating influence, Dr. Bird emphasizes.

At least twenty-four cities had the distinction of closing their 1937 fiscal years with 5.6 per cent or less of the year's taxes uncollected. Of this group, nine were California cities, and four New York cities, the others being scattered through eight states.

This "honor roll" group includes:

Cities with Notably Low Tax Delinquency, 1937

	Per cent
Madison, Wis.	0.5
Kenosha, Wis.	0.6
San Francisco, Calif.	1.5
San Jose, Calif.	1.8
Birmingham, Ala.	1.9
Berkeley, Calif.	2.1
Fresno, Calif.	2.3
Buffalo, N. Y.	2.7
Oakland, Calif.	2.7
Mobile, Ala.	2.8
Sacramento, Calif.	3.2
Cincinnati, Ohio	3.8
Denver, Colo.	3.9
Pasadena, Calif.	4.3
Davenport, Iowa	4.5
Peoria, Ill.	4.5
Niagara Falls, N. Y.	4.6
Schenectady, N. Y.	4.6
Los Angeles, Calif.	4.7
Long Beach, Calif.	4.9
Canton, Ohio	5.1
Binghamton, N. Y.	5.3
Providence, R. I.	5.4
Bridgeport, Conn.	5.6

While Madison and Kenosha, Wisconsin, head this list statistically, their ratios of less than 1 per cent delinquency are better than the actual delinquency levels in their areas since, under the Wisconsin tax system, they are permitted to retain all collections to a certain date on both city and county levels. The most distinguished record, therefore, belongs to San Francisco with a delinquency of only 1.5 per cent and to the northern California area in general, where the highest delinquency ratio among six cities was 3.2 per cent. The only other cities which fared as well as this northern California group were Birmingham, Buffalo, and Mobile.

"The wide variation in the stability of tax collections during recent years reflects something of the uneven susceptibility to the effects of business depressions of various types of cities," the survey states. "While comparative analysis discloses that the varying quality of tax collection administration played some part in the results, the evidence is clear that financial planning in American cities cannot follow one set pattern, but must be definitely related to economic characteristics."

Indicating the range of tax collection stability, the survey lists twenty cities whose tax delinquency records have been most stable during the 1930-1937 period, and twenty whose records have been most unstable.

Highly stable collection records during the eight years have been established by Albany, New York; Atlanta and Augusta, Georgia; Berkeley, California; Binghamton, New York; Dallas, Texas; Denver, Colorado; Fresno, California; Hartford, Connecticut; Louisville, Kentucky; Manchester, New Hampshire; Niagara Falls, New York; Oakland, California; Providence, Rhode Island; San Francisco, California; San Jose, California; Savannah, Georgia; Syracuse and Troy, New York; and Wilkes-Barre, Pennsylvania.

On the basis of total collections in 1937, both current and delinquent taxes, the average for 121 cities was 102.9 per cent of the current levy, and in only thirty-five of these cities did the total collections for the year fall below 100 per cent of the current levy.

While tax collections during the early part of 1938 appear to be holding up well in representative cities, it is reasonable to expect that the total property tax income for 1938 as a whole will be considerably less satisfactory than during 1937. The collection of delinquent taxes is proceeding less favorably than last year, and it will not be possible for cities to balance 1938 budgets this year with the same facility with which they did in 1937.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

P. R. Amendments in New York Convention.—On May 25th and 26th four proposed constitutional amendments to require "proportional representation with a single transferable vote for each voter" for future elections of the New York legislature were introduced in the constitutional convention at Albany.

Edward F. Corsi, deputy welfare commissioner of New York City and one of the eight Republican delegates-at-large, introduced two measures to apply P. R. to the senate and assembly respectively, each measure leaving one house unchanged. Judge Charles Poletti of the Supreme Court, chairman of the constitutional convention committee appointed by Governor Lehman which prepared factual data for the use of the convention and one of the seven Democratic delegates-at-large, introduced two measures for a complete application of P. R., one to both houses of a bicameral legislature and one to a unicameral legislature. Thus all the principal ways of applying P. R. to the legislature have been put before the convention with good bipartisan sponsorship and in good form.

The four proposals were drafted as a single program and use the same districts and provisions wherever the subject matter corresponds. The unicameral and senate proposals use as districts the present judicial districts outside New York City and the five boroughs in New York City, with Nassau and Suffolk Counties, which form part of a judicial district with parts of New York City, as a separate district. Each district would elect one member for every 60,000 valid votes cast within it and an additional member for a remainder of two-thirds of the 60,000 quota.

The assembly proposals use smaller districts —in most cases two to a P. R. senate district— and a quota of 25,000, with an additional member for a remainder of two-thirds of a quota. There are thirteen senate districts and twenty-five assembly districts.

The number elected in each district by P. R., and the total number in each house, would vary with the size of the vote, providing an automatic solution of the knotty problem of reapportionment. The assembly vote of 1937 would have resulted under the P. R. proposals in a senate of sixty-four members, thirty-one from New York City and thirty-three from the rest of the state, and 157 assemblymen, seventy-six within New York City and eighty-one outside.

The same vote would have given representation to both major parties in every district except the one single-member district, the senate district of Staten Island. In New York City it would also have given the American Labor Party representation in four of the five New York City senate districts and in eight of the ten New York City assembly districts.

Since the total assembly vote of the two major parties happened to be almost identical in 1937, this vote under the P. R. plan would have given them equal representation in the senate—twenty-nine Republicans, twenty-nine Democrats, five American Labor and one City Fusion. In the assembly the larger number of districts and their fractional variations from exact multiples of the quota would have distorted the proportions slightly and resulted in the election of seventy-three Republicans, sixty-seven Democrats, thirteen American Labor, and four City Fusion. The present legislature has a Democratic majority of twenty-nine to twenty-two Republicans in the senate and a Republican majority of eighty-four to sixty-one Democrats and five American Labor in the assembly.

The measure most favored by the civic groups which are actively supporting P. R. for the legislature—including in New York City the Merchants Association, the Men's and Women's City Clubs, the City Affairs Committee, the Young Men's Board of Trade, the Women's Trade Union League, and the Citizens Union—is the Poletti proposal for a unicameral legislature elected by P. R. The one which is receiving most attention in the convention, however, is the Corsi proposal for a P. R. senate and an assembly elected on the present basis. There is strong sentiment in the Republican majority of the convention for keeping one house on a geographical basis weighted in favor of the sparsely settled regions as the assembly is now, in order to prevent New York City from gaining absolute control of the state if it should grow sufficiently to poll a majority of the votes.

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P. R. Bills Pass in Massachusetts.—Two bills pertaining to P. R. have now been passed

by the Massachusetts legislature and signed by Governor Hurley, the first on May 25th, the second on June 1st.

The first of these bills to become law serves to clarify a P. R. law passed last year, chap. 54A of the general laws. This new draft, the work largely of the legislative counsels, Fernald Hutchins of the senate and Henry D. Wiggin of the house, includes more careful definition of terms and prevents certain duplications. It also permits the election officials to use any method of handling excess first choices that was being used in any city of the United States on January 1, 1938. The bill covers the same groups as last year's bill; it is available for all school committees and boards of selectmen, and for all city councils except Boston's. In addition, any mayor, including the mayor of Boston, may be elected by preferential voting.

The second measure, the "Cincinnati plan" for city manager and P. R. combined, is substantially the same measure that was vetoed by the governor last year. The veto message referred the measure to a recess commission which had been set up to consider numerous matters and this commission reported favorably. In providing for a city council of seven or nine elected at large by P. R., which in turn hires the city manager, it provides a fifth optional form of government available to all cities in Massachusetts except Boston. There has been a considerable body of opinion behind the bill from various parts of the state, the most active leader in its behalf being Chandler Johnson of Cambridge.

H. C. Loeffler[1]

Boston Municipal Research Bureau

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P. R. in the National Education Association.—The Hare system of proportional representation is now used in some of the elections of members of official committees of the National Education Association, which will be holding its annual convention this year in New York City, June 26th to 30th.

At the convention of the association held in Portland in 1936 a by-law was adopted providing for the election of a publishing committee of five members. The by-law provided that the Hare system of P. R. be the method used in electing this committee by the representative assembly. The representative assembly consists of about twelve hundred members duly elected by large groups of teachers and educators and sent from all parts of the United States and its territories. The results of that first election were entirely satisfactory to all of the major groups of the representative assembly.

The executive committee of the National Education Association is made up of nine members as follows: four are ex-officio, two are elected annually by the board of directors, and three are elected by the representative assembly. At the convention of the association held in Detroit in 1937 a by-law was adopted providing that the Hare system of P. R. be used in the election of the three members chosen by the representative assembly. This by-law was adopted early in the convention and the system was, therefore, used in electing the members of the executive committee for the year 1937-38.

The Hare system was, of course, used again in 1937 for the election of a publishing committee. The results of this second year's use of the system again seemed to be entirely satisfactory.

Many members and delegates of the association favor the adoption of the Hare system for all elections in the association.

Reuben T. Shaw

Philadelphia

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P. R. Charter Under Fire in Wheeling.[2]—At the meeting of the Wheeling city council on May 31st, Hon. Carl G. Bachmann, four times member of Congress from the first district of West Virginia and former Republican whip of the House of Representatives, presented a petition bearing the names of 11,400

[1]The writer of this note, Mr. Loeffler, has been one of the most effective proponents of P. R. in Massachusetts. He assisted the legislative counsels materially in the preparation of the first bill mentioned in the note.—Editor.

[2]When so fundamental a change in election methods as the adoption of P. R. is made, an attempt at repeal such as that described here is naturally to be expected from those who profit by the old system. So far there have been seventeen such attempts which have come to a vote in various P. R. cities in this country. P. R. was upheld in all but two.—Editor.

voters of Wheeling, asking that a special election be called for the purpose of electing a charter board to frame a new charter for Wheeling. The petition also stated that its signers favor a return to the ward and partisan system of council elections. Thus was presented the first direct attack, under the new West Virginia home rule law, on the Cincinnati-plan charter of Wheeling, which was adopted by popular vote on April 18, 1935. Council has no alternative in the matter, and the special election on the question, "Shall a charter be framed by representatives of the voters?" (and to elect the eleven charter board members as well if the answer be "yes") must be held within sixty days of the filing of the petition.

The sponsors of this petition, using the misleading name of Home Rule Committee, are the same persons who opposed the charter in 1935—supplemented by a considerable number of others who feel that the faults of the present city administration are the faults of the charter itself.

The opponents of the charter were caught by surprise in 1935, but now they are well organized and militant, while the charter supporters have not yet perfected their organization. The Wheeling Association, however, sponsor of the charter in 1935, is rapidly perfecting an organization to do battle, and has some excellent campaign literature already prepared. The main attack has been made on P. R., and the ward system is being urged as a substitute. Before P. R. came in 26 per cent of the votes was sufficient to control any primary election, whereas under P. R. 85 per cent of the ballots were effective.

It is a difficult campaign, and frankly the outcome is hard to predict. The election will be in the middle of summer—always a good time for a political machine but a bad time for independents. Then, too, the 11,400 signatures to the petition represent more than half of the votes cast at the 1935 charter election and more than half of the votes normally cast at any council election. A majority of those signers can be expected to go to the polls before ten in the morning and cast their ballots against the Cincinnati plan, and that is a big handicap to start with.

There are other reasons which add to the difficulty. In 1935 those persons who were charged with the responsibility of preparing the Wheeling Association's council ticket failed to do so, and the result was that the association did not present a strong enough list to the voters and only three instead of a majority were elected. While all of the councilmen are high calibre men, they have, until very recently, lacked in cohesion and leadership, and failed to produce a program. The choice of a city manager was a compromise, at a low salary. While he is an honest and conscientious public official, he has failed to produce a program, has been unable to cope with a very deplorable condition in the police department, has failed to consider the seemingly trivial complaints of citizens, and in general has failed to arouse any real enthusiasm in his behalf while incurring the enmity of many.

The combination of these factors, plus the fact that the charter is on the defensive and without an outstanding record such as those of Cincinnati, Toledo, Hamilton, and other P. R. manager cities, makes the task of preserving the charter a difficult one. As stated by Councilman Duffy, when the petition was presented to council, "The Cincinnati plan has not had a really fair chance."

On the other hand, it is probable that a majority of the citizens prefer the Cincinnati plan, and that its opponents are in the minority. The overcoming of inertia, hot weather, vacations, and misleading propaganda, and the building up of an organization to present the bright side of the picture, so as to get the majority of charter supporters to the polls, are the main problems of the association. If it can arouse the same enthusiasm that it aroused in 1935, the Cincinnati plan will be saved. And there is a bright side to present. A balanced budget for the first time in thirteen years, no more "fixing," no patronage, increased revenue, etc., all make good sales talks. And even if a charter board is elected, there must be another election to accept or reject the charter to be proposed by the board. The association feels that, if unsuccessful in the first election, it stands at least an even chance later on.

JULIAN G. HEARNE, JR.
The Wheeling Association

PLANNING

INCLUDING ZONING

Edited by

Alfred Bettman and Walter H. Blucher

New Planning Statutes for New York Local Governments.—The legislature of the State of New York has recently enacted three statutes which represent a splendidly progressive step in planning legislation. One of them relates to cities, one to towns, and one to villages (chapters 205, 264, and 44 of the laws of 1938). Otherwise they are substantially alike.

Each contains a section authorizing the planning board to prepare a comprehensive master plan for the development of the entire area of the community. There is a list of functional subjects to be included in the plan, and while some subjects have been omitted which might well have been included, a significant fact about the list is that it includes zoning and housing, thus recognizing that the zone plan is a part of the master plan and that housing is a subject to be dealt with through comprehensive planning procedure.

The remainder of each of these statutes is concerned with subdivision regulation, and contains provisions which experience has shown to be needed to shut the gates against typical evasions of subdivision regulation.

For instance, there is a provision which makes the planning board's approval of a plat expire ninety days from the date of the approval unless within the ninety days the plat is recorded. This guards against well known complications when the approval of the preliminary plat is obtained and the subdivider then proceeds with the erection of buildings and other developments without recording.

Another interesting feature is that conformance to the official map and master plan may be required, and that approval may be withheld if the land is such that it cannot be used safely for building purposes without peril from fire, flood, or other menace.

These statutes furthermore contain provisions, already present in the statutes of many other states, which permit the requirement of street improvements and sewer, water, and other utility installations before approval of the final plat is obtainable.

In many places attempts have been made to evade subdivision regulation by marking the streets as private streets and not dedicating them and then claiming that public regulation applies only where streets are public or dedicated. The Department of Commerce's model bill and the Bettman forms in the Harvard volume on model planning laws were purposely worded to require the planning commission's approval of every subdivision regardless of whether it includes new streets or regardless of whether the streets are given a public or private status; and, where the question has come up on these forms, the courts have carried out that intent. These New York statutes expressly, and without leaving anything to inference or judicial construction, provide that every street on a plat is deemed to be a private street until it has been formally offered for cession to the public; thus making the plat subject to approval by the planning commission whether the streets be or be not dedicated. Improvement of a street by the public is prohibited until it has become a public street, and improvement of the street, whether public or private, is required before a permit may be issued for the erection of buildings to which the street is to furnish access.

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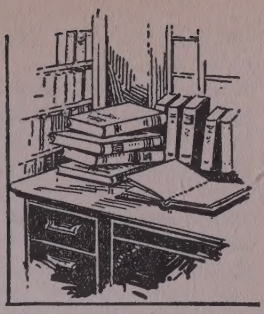
Planning Conference in Minneapolis.—A conference on planning, under the joint auspices of the American City Planning Institute, American Planning and Civic Association, and American Society of Planning Officials, will meet in Minneapolis on June 20-22. Foremost among the topics to be discussed will be large scale housing programs. Other topics will include urban zoning and land policies, rural zoning, national, state, county, and regional planning, problems resulting from migration of population, and traffic studies in relation to city planning. Speakers will include many experts in the planning field, government officials, etc. Governor Elmer A. Benson of Minnesota will open the conference and Governor E. D. Rivers of Georgia will address the dinner session on June 21st.

Recent Books Reviewed



EDITED BY ELSIE S. PARKER

Urban Blight and Slums. By Mabel L. Walker (with special chapters by Henry Wright, Ira S. Robbins, W. Phillip Shatts, Kenneth H. Zabriskie, A. C. Shire, and Richard U. Ratcliff). Cambridge, Mass., Harvard University Press, 1938. xvi, 442 pp. $4.00.

As the subtitle, "Economic and Legal Factors in Their Origin, Reclamation, and Prevention," indicates, the work of Dr. Walker and her associates is a treatise which looks behind the social argument against urban blight and the slum and essays to examine the causes and project the remedies. It is intelligent and able. The book is important both for what it does and for what it obviously cannot do. The authors are in no position to propose an immediate course of action that would be effective. Public opinion is not yet ready for action. The authors do, however, reveal the inadequacy of present machinery for dealing with the problem of slums. They record not only the direction which thought and effort have taken up to the present time but they clear the stage for a more intelligent approach. The Harvard School of City Planning should be criticized, however, for sending into the world a book containing such a mass of source material without the benefit of an index to facilitate ready reference to it.

Mr. Zabriskie in his chapter on mortgage financing lays his finger on the failure of Americans to emphasize the importance of the eventual retirement of the debt. He stresses both the economic and the social desirability of the amortizing mortgage. Then he proceeds to state: "Money is a commodity, the use of which is bought and sold, and the price of its use is interest. In a free competitive market that price—the rate of interest—varies with supply and demand just as do the prices of any other commodity." After some discussion of the monopoly of the supply of money, which he concludes does not exist since five different types of institutions are engaged in mortgage financing today. he returns to an able discussion of unnecessary risks which under prevailing practice tend to keep money rates up. Mr. Zabriskie writes with clarity and discretion when he recounts the unnecessarily high legal costs of foreclosure. It is probable that some lawyers might be as unconsciously blind to the existence of this evil as is Mr. Zabriskie to the full consequences of the commodity theory of money.

Blind spots are to be noted also in the scholarly legal discussions of Mr. Robbins in his chapters dealing with "Problems in Land Assembly," "Common Problems in Rehabilitation Procedure," and "Proposed Rehabilitation Pocedures." For instance, Mr. Robbins backs up Mr. Blucher's criticisms of the proposals of the National Association of Real Estate Boards for neighborhood protective and improvement districts on the ground that the proposals have "weaknesses from the planning point of view. . . . It should not be left for determination by the property owners (who may, however, legitimately stimulate appropriate action) or by the courts." Throughout Mr. Robbins' discussion is an apparent failure to realize that the chief problem before planners is to get individuals to think and plan intelligently rather than do the thinking, planning, or acting for them. The efforts that have been made to stimulate group action and neighborhood planning by existing property owners and mortgagees have been subordinated to fears lest the results of such group effort might be less perfect than the efforts of an "ideal" dictatorial planning or housing au-

thority. Mr. Robbins is a realist, however, when he says that "it is doubtful whether any real headway can be made toward obtaining experiments in the practical application of the theories (of group action) under discussion until the representatives of the various interests become as active in studying the problem as its chief sponsor has been."

Here lies the paradox of blighted areas and slums. It is those who are most interested who are the least aware of the complexities of the problem and who are the least prepared to cope with them. On the other hand the experts are as much individualists in their specialities as are the perplexed property owners and mortgagees. Dr. Walker's book should do much to point the way to the need for a common language and an integrated method of procedure. Her own work is able and stimulating, particularly her chapter on "Increment Tax on Land Values." Under "Analysis of Governmental Rôle," she declares, "Temporarily and perhaps permanently, a federal housing subsidy is needed." Then without further argument she decides that, "It should not be a rent subsidy, a tax subsidy, nor a subsidy to landowners and the holders of obsolete property."

Although her argument may in this case seem arbitrary, she shows tolerance and understanding when she declares that "The most effective governmental rôle is that of regulation and stimulus. There is no reason for considering the two antipathetical. Government must create the framework within which industry can operate effectively. . . . The federal government has a responsibility, and a large one, . . . but it is infinitesimal compared to the responsibility of local governments. There can be little help for them until they help themselves. Theirs is the predominant rôle in rehabilitation and housing which no one can take from them. To criticize our cities for much of what has happened, however, is to criticize them for not being omniscient. We cannot expect public officials to be very much ahead of the wisdom and temper of their times."

Dr. Walker's book should help to clarify the question which still confronts us. This is, "How are individuals in a democracy to work together to lift themselves and their society out of the chaos which mere blind individualism has imposed upon city growth?"

ARTHUR C. HOLDEN

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Government Proprietary Corporations in the English Speaking Countries. By John Thurston. Cambridge, Mass., Harvard University Press, 1937. xii, 294 pp. $3.50.

The great war and the great depression have made it necessary for the national government to carry on certain activities which do not come within the definition of "governmental" in the sense of regulating the relationships between persons and the property of persons. These activities come better under the definition of "economic," though the word must not be interpreted too narrowly. For many reasons it was deemed better to have these functions carried out by agencies set up on the patterns and operated somewhat by the methods of the generic type of organization used throughout the world of private business—the corporation. Other nations have come to use the same device though the urge has not been caused so often by the demands of war or hunger.

A study of this "form of organization for the public operation of economic undertaking," to use the author's compressed definition, has been overdue. It includes such corporations in five English-speaking countries—Great Britain, Canada, Australia, South Africa, and the United States.

First the legal status of these bodies is examined at length. Here foreign laws and courts give us little light in the jungle of decisions our state and federal courts have been called upon to make, because with us it is the judge, rather than the legislator or the administrator, who is ultimate sovereign. Whether a court has veered to the view that the government must be considered as a principal and the corporation its agent, or to the view that it must be regarded merely as a stockholder, even when no stock has been issued, has affected the decisions on the power of the corporation to sue or to be sued, on the right of state governments to tax it in any one of several ways, and to tax the incomes of its employees. The power of the federal government to tax its own creature has led to much litigation. Some of the corporations have been set up under the provisions of certain state laws and so the opinions of Chief Justice Marshall in the famous McCullough vs. Maryland

and Bank of the United States vs. Planters' Bank of Georgia cases have been used by both pleaders and adjudicators. The concluding section, "Theoretical Considerations," is not as theoretical as its title implies and should be read by any judge who wants to help make this instrument achieve the usefulness it should.

The financial set-up of the thirty-three such corporations in this country is examined as a whole. Our own and the foreign methods of securing capital, charging for goods and services, dealing with deficits, etc., are reviewed. One could wish that this phase of the study had been given more than the scant forty-five pages it receives. The impression is so common that government is simply a spending agency that the man in the street thinks this must be true of a government corporation. Hence instances of successful financial operation would not only correct this view but furnish a pattern for existing and projected government corporations.

The thorny problem of the management of such corporations has been brought to present public attention by Dr. Arthur E. Morgan and his inability to agree with the other two triumvirs of the TVA. The author feels that the representation of concerned interests on the boards of directors is not advisable but consultation with official representatives, if there be such, of those whose interests are affected by the corporation's actions, is advisable. He inveighs against the interference of politicians, but instead of having employment under civil service, he would have the civil service commission determine by survey whether the merit system is being applied—a task which this reviewer thinks the commissioners would contemplate with wry faces.

Control by stockholders of private corporations has been found to be difficult and control by the public of these new agencies which it theoretically "owns" is proving the hardest problem of all. The advisory council, composed of those whose interests are touched, is the author's major reliance.

How they should be set up, what powers of investigation they should have, if any, are not indicated. Where this book ends is the place for another to begin.

Democracy is a way of collective life which will continue to evolve new forms to fit its many functions. The governmental proprietory corporation is one of the latest of these. This book comes as near a moving picture as one can expect in print of this rapidly changing form. Also it gives as explicit and wise counsel for the control of the device as can be offered at this time to those who deserve the high title of statesman. We can depend on the public or quasi-public servants, who after all are these corporations, to do their bit, for the author significantly says that "loyalty and efficiency are widely found."

WALTER J. MILLARD

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The A B C of Municipal Bonds. By Louis S. Lebenthal. New York City, Harper & Brothers, 1937. viii, 166 pp. $1.50.

There have been a great many attempts made to simplify complicated subjects for lay readers. *The A B C of Municipal Bonds* must be classed as one of the more successful of these. It deals with the subject of municipal bonds in language which any ordinary adult fortunate enough to have money to invest in bonds can understand.

In the course of this short book the author resorts to three different devices for simplification. The first of them is a realistic account illustrated by newspaper clippings, copies of resolutions, etc., of an actual bond issue of the town of Red Bank, New Jersey. This, in the reviewer's opinion, is the best of the devices, for it gives an admirably clear account of the various steps involved in issuing municipal bonds.

From that point the author takes up the history of a bond from the time it is printed until it is cancelled, allowing the bond to tell its own story. There is, of course, something intriguing about a talking bond and the reader's interest is strongly sustained. After a very brief history of municipal bonds, the bulk of the book is taken up with a dialogue between a new bond salesman and the sales manager of a bond house, in which, by the question and answer method, many of the advantages of municipal bonds as an investment are brought out.

Anyone who will read this book will get to know practically everything that any person not an expert in the bond business needs to know about municipal bonds. It is difficult to imagine an easier way to get this interesting information. The book is obviously written by an enthusiast for municipal bonds. A specialist in corporate bonds might perhaps

feel that the case for his kind of an investment had not been stated as forcefully as he might wish. If the reader will bear this in mind, he will find that in all other respects Mr. Lebenthal's little book can be thoroughly relied on as the gospel of municipal bonds.

There is one interesting though entirely incidental question which is raised by Mr. Lebenthal's chapter on the first municipal bond—as to whether the bills issued by the colony of Massachusetts Bay in 1690 were bonds or money. Mr. Lebenthal leans to the opinion that they were bonds. They possessed some of the attributes of both. Being based upon taxes actually levied to meet them, they seem in this respect like a bond, but having no maturity date, bearing no interest, and passing from hand to hand without endorsement, they seem like money. The fact that after a couple of years they were made legal tender, adds additional weight to that argument. The reviewer, however, would like to suggest to Mr. Lebenthal that we compromise and call them "scrip," of which we have had so many examples during the depression.

THOMAS H. REED

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Crime Control by the National Government. By A. C. Millspaugh. Washington, D. C., The Brookings Institution, 1937. 306 pp. $2.00.

In the two-century-old warfare raging about the question of centralization versus decentralization, this book is an additional brickbat, novel because of the temperate manner in which it is heaved. Mr. Millspaugh has uncovered a good deal of positive information on the vast ramifications of the federal police system, but he has refrained from advocating that the federal government forthwith take over all local police functions, or vice versa.

The book is a jauntily written description of the nature of the police work done by almost all the federal departments, the manner of its organization, its internal efficiency, and its relationship to similar work performed by the states and the municipalities. Although the author makes certain tentative recommendations regarding internal reorganization, he advocates more detailed study of the problem before any conclusions are reached. He is, on the whole, cold both to further centralization of crime control activities and to further decentralization, finding in the light of cold fact a good deal of exaggeration in the arguments advanced by both camps.

MIRIAM ROHER

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The Municipal Year Book, 1938. Clarence E. Ridley and Orin F. Nolting, Editors. Chicago, International City Managers' Association, 1938. viii, 619 pp. $5.00.

Not only is the *Municipal Year Book* the most comprehensive record of the year's developments in the municipal government field, it is the *only* single authoritative source of vital facts about the administration of American cities.

During each of the five years in which this remarkable volume has been issued, it has been steadily improved and its scope enlarged. Dependable authorities trace accurately the progress of municipal activities and there are numerous summaries and statistical data which make the volume indispensable for municipal officials, libraries, governmental research workers, academicians, and others who wish to be thoroughly informed concerning city affairs.

The book is divided into five parts:

1. Résumé of Municipal Activities in 1937, which includes specific events and an analysis of trends in each of the twenty-four fields of municipal activity.

2. American Local Government Units, listing form of government; number, term, and salary of councilmen; utilities owned; sources of municipal powers; federal-city relations during the year, etc.

3. Municipal Personnel, with number of city employees, salaries, turnover; retirement systems in cities over 10,000; public employee organizations in cities; professionalization of the municipal service; colleges offering training for public administration, etc.

4. Municipal Finance, showing trends in local government costs, municipal debt and finances of cities over 100,000 since 1926.

5. Sources of Information, revealing various official and unofficial data sources, as well as selected books, pamphlets, reports, model ordinances, periodicals, etc.

Besides presenting an accurate, impartial series of summaries and analyses, this book answers practically every conceivable question about the operation of American cities.

A. W.